State of Business Review Key Findings

August 2, 2023
Key trends impacting college sports

Student-Athletes

1. Evolving regulatory dynamics (e.g., NIL/compensation, transfer portals)
2. Growing desire for better student-athlete support services (e.g., mental health)
3. Increasing opportunities for student-athletes to bypass college and join professional leagues
4. Emerging student-athlete performance enhancement through data (e.g., in-game data collection for training)

Consumers and Fans

1. Growing competition for fan attention
2. Changing preferences for content consumption (e.g., content outside of gameplay, snackable/immersive experiences)
3. Increasing importance of data in driving personalized experiences at scale
4. Increasing interest in new sports & leagues: (e.g., women's sports, esports)

Member Institutions

1. Emerging headwinds in higher education due to declining enrollment and rising costs
2. Increasing rates of conference realignment and widening competition gaps
3. Increasing politicization of sports
4. Increasing DE&I expectations and/or limits
5. Growing challenges with operating sports (e.g., employee turnover, referee shortages)

Ecosystem Partners

1. Shifting profit pools due to migration towards streaming
2. Growing sophistication of yielding events (e.g., dynamic ticket pricing)
3. Growing diversification to monetize fandoms and create sophisticated sponsorship opportunities
4. Increasing desire for brands to be value-driven, authentic, and support underrepresented groups
5. Rising level of private investment into sports
Key findings of the State of the Business Review

Colleges and universities and college sports are at a crossroads, facing key pressures:

- The continuing decline of the college age population and the rising costs of college attendance
- The options increasingly available for young people to forgo college altogether and get paid to play their sport
- Social media, sports betting and other outside influences are complicating the life of student-athletes
- Traditional media partners are experiencing an existential threat to their business

To address these trends, the NCAA must have an operating model and mission that are explicit and understood by all. And there must be a more rigorous approach to business planning and follow through, with a new sense of urgency.

Additionally, the NCAA must focus on evolving, improving or addressing:

- Support for student-athletes
- Collaborations with member institutions
- The surrounding sports ecosystem
- The widening gap between different strata of Division I resources and capabilities
## NCAA Operating Plan

### Mission

Provide a world-class athletic and academic experience for student-athletes that fosters lifelong well-being.

### Ambition

- Coordinate and deliver safe, fair and inclusive competition directly and via members
- Provide world-class services to SAs and members that leverage NCAA's collective scale
- Grow the college sports ecosystem
- Deliver sustainable funding for the NCAA mission

### Strategic Priorities

**Mission: Provide a world-class athletic and academic experience for student-athletes that fosters lifelong well-being**

- **Ambition:** Coordinate and deliver safe, fair and inclusive competition directly and via members.
  - Set rules/guidelines and provide enforcement
  - Create programs that support outstanding performance on and off the field
  - Deliver excellent, inclusive championships

- **Ambition:** Provide world-class services to SAs and members that leverage NCAA's collective scale.
  - Lead research and promote innovation that improves health, safety and performance
  - Provide capabilities and programming that fill in the gaps for members
  - Identify, co-create and distribute best practices to SAs / members

- **Ambition:** Grow the college sports ecosystem.
  - Inspire the next gen of athletes and up-and-coming sports
  - Enable quality access / viewing for all that want it
  - Leverage data to engage fans with highly-personalized experiences / products

- **Ambition:** Deliver sustainable funding for the NCAA mission.
  - Stoke fandom through compelling entertainment products/services
  - Grow media, sponsorship and ticketing revenue
  - Innovate new revenue streams
  - Set a culture of cost discipline

### Operating Model

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<thead>
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<th>Clear organizational structure, roles and decision rights</th>
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<td>Effective governance and resource allocation processes</td>
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<tr>
<td>High-performing culture (proactive, agile) and talent strategy</td>
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<td>World-class data and analytics and technology systems</td>
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Student-athletes are dealing with a far more complex and publicly scrutinized environment than ever before

### Issue

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<th><strong>NIL programming</strong></th>
<th><strong>National Office Action</strong></th>
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<td>is unaccountable and lacks any kind of consumer protections for student-athletes.</td>
<td>Put an accountable and transparent framework in place on NIL before the end of the year.</td>
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| **Sports betting** | |
| is now legal in almost 35 states, but young people (and others) are betting on sports using mobile apps in all 50 states. | Prepare student-athletes for the impact that widespread betting on college sports could have on them and their campuses. |

| **Social media** | |
| is omnipresent in the lives of young people, more so for student-athletes, who are public figures on their campuses. | Build on NCAA’s mental health best practices and work with member institutions, SAACs and outside experts to confront challenges social media can create for student-athletes. |

| **Mental health management, load management, rest and recovery** and other health/well-being issues have become far more important to student-athletes in recent years. | Play a leading role in sharing information and creating learning opportunities for schools and athletic departments as these trends develop. |
Updating the National Office’s Operating Model and Execution Mindset

Rigorous project planning and execution

Suite of over 100 initiatives to work in FY24

- Invest in and enhance **data and analytics** to better understand fans, alumni and customers.
- Be more **market driven with championships** – sponsorships, premium seats, ticket allocation and pricing, social media and branding.
- Identify top 15-20 decisions within the national office and **map out stakeholders and clear decision rights.**
- **Consolidate and simplify** every possible opportunity in procurement.
- Aggressively **manage operating costs.**
- Appoint National Office leaders for **key cross-functional areas of focus** (e.g., NIL, Sports Wagering).
NCAA needs to creatively support its member organizations as they work their way through these challenging times

**Issue**

- **Officiating:** The greying of the officiating community, poor treatment from many fans and teams and the rising challenges associated with finding qualified officials.

- **Scale procurement:** NCAA represents colleges and universities that purchase, often individually, billions of dollars of the same goods and services.

- **Viewership:** Many members’ competitions are on low-quality video streams, if they are broadcast at all; other digital services are fragmented, expensive and uncoordinated.

- **Championships:** Many championships have untapped potential for growth, lack sponsors and do not reach their full-potential audiences.

**National Office Action**

NCAA and its members need to work together to change the trajectory; this could include streamlined qualification, improved scheduling and financial support.

Work with interested member institutions to create pool of qualified suppliers who agree to discounted prices that institutions could opt-into.

Explore a single digital hub for viewing competitions, sharing best practices and providing collaborative engagement opportunities for student-athletes.

Get creative with championships, seek additional sponsors, create premium experiences, develop an ongoing digital relationship with fanbase and engage local teams.
College sports are popular and growing – with continued opportunities ahead

The media rights bundle going out to bid offers the NCAA a unique opportunity to **restructure the digital and sponsorship rights tied to Division I Men’s Basketball** making it possible to dramatically **expand media and digital content and sponsorship for women’s championships**.

This bid also gives the **NCAA a chance to consider a different channel for those who want to watch some of its less visible championships** – and potentially some of its member organizations’ conference championships as well.

The NCAA should also determine if there are **other sports that are played by collegians or by young people that are worth supporting and promoting**, such as women’s flag football, 3x3 basketball, wheelchair basketball/tennis or pickleball.

**Facilitate alumni events, career services and generally connect the vast ecosystem of championships’ fans, participants and sponsors.**
Transformation keys to success

- **Develop a powerful, compelling case for change** – clear articulation of both why “we can’t stay here” and why it will be positive “to go there”.

- **Focus and move quickly on things that matter** – ruthlessly prioritize the few things that drive the majority of the value and accelerate results.

- **Unleash potential of NCAA staff** – use the transformation to find and empower the next leaders and to build the systems and capabilities needed for change.

- **Increase the metabolic rate of the NCAA** – use agile at scale/new ways of working to test and learn, fail quickly or succeed and scale.

- **Be adaptable in program design** – adjusting the program ‘roadmap’ for new competitive situations, opportunities, or market changes.