

Data, AI and Cybersecurity Deal Due Diligence

Together,
we're delivering
data-driven, AI-powered
ROI in sport.



Sports properties are unique investment assets for private equity investors with high scarcity value, compelling returns and resiliency to economic headwinds

Sporting codes are rapidly embracing digital, data and AI, to win on and off the field, despite digital vulnerabilities and unprecedented cybersecurity risks, which threaten investor returns.



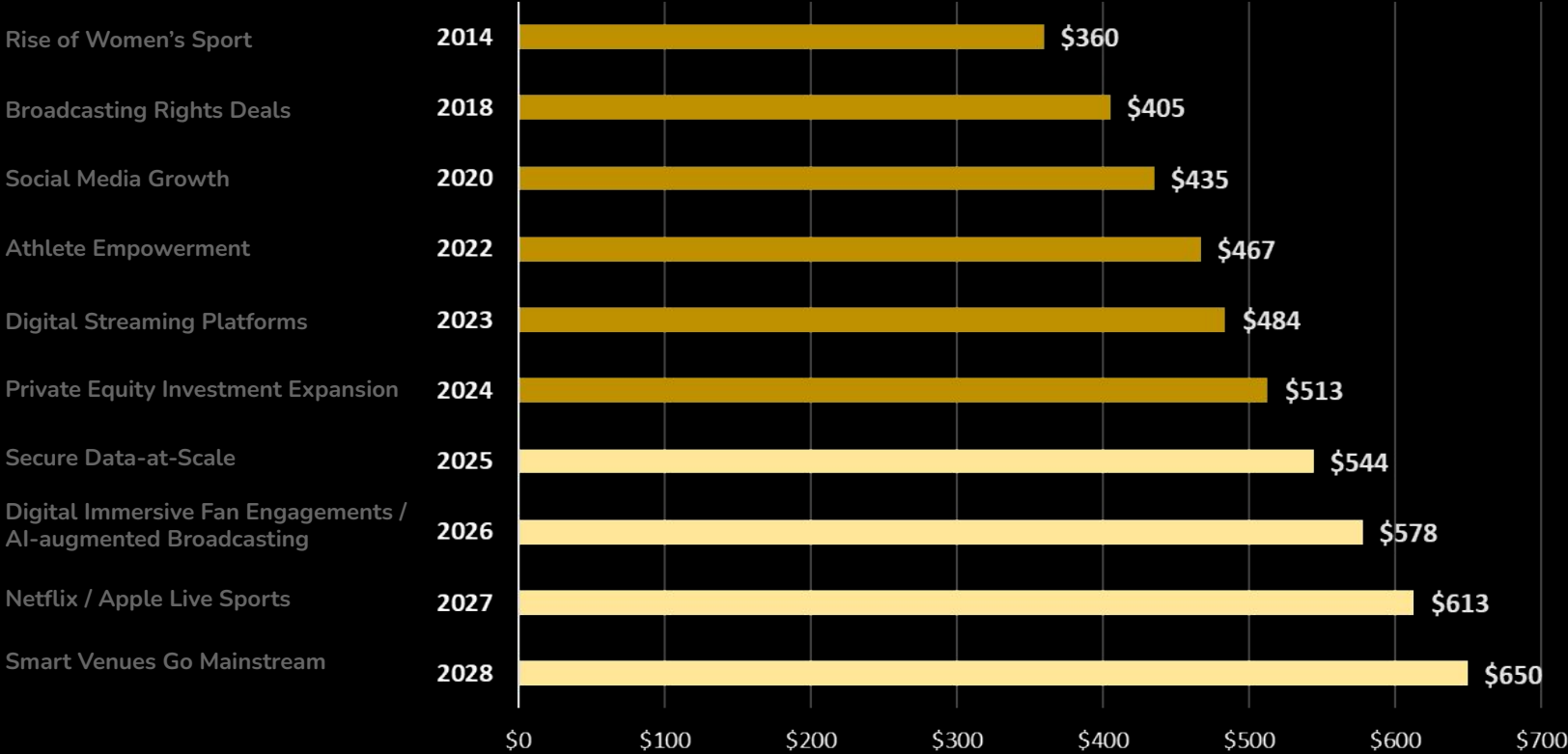
Private equity **due diligence** engagements focus on the **value realisation impact of data, AI and cybersecurity**, to enable informed decisions on deal valuations, future investments and risk priorities in the sports ecosystem.

Global Sports Market Size 2014 - 2028

With a forecast CAGR 6.1% 2024 - 2028, private equity investments are predicted to increase

Disrupting Influence

Market Size \$ billions



North America and Europe sports leagues have different investment profiles

Private equity will continue to fundamentally change franchise ownership as data, AI and cybersecurity impact new digital revenues and shape breakthrough returns



NFL, NBA, MLB, NHL, MLS:

- ★ **Established Leagues & Strong Revenue Streams:**
Long histories, strong fan bases, and lucrative media rights deals provide a foundation for stable and growing revenues.
- ★ **Data-Driven Approach:**
North American leagues are increasingly data-driven, with advanced analytics used to improve player performance, enhance fan experiences, and optimize business operations.
- ★ **Strong Corporate Governance:**
Well-established league structures and strong governance frameworks provide a stable and predictable investment environment.
- ★ **Innovation & Technology:**
Embracing new technologies, such as virtual reality, augmented reality, and esports, to engage fans and create new revenue streams.
- ★ **Strong Brand Equity:**
Iconic brands with global recognition and significant sponsorship and licensing potential.



Football, Cricket, Rugby:

- ★ **Global Fan Base & Growing International Appeal:**
European football, in particular, boasts a massive global following, with significant growth potential in emerging markets.
- ★ **Media Rights Bonanza:**
The value of international media rights for top European leagues is soaring, driving significant revenue growth.
- ★ **Youth Development & Talent Acquisition:**
Investing in youth academies and developing young talent can create long-term value and competitive advantages.
- ★ **Mergers & Acquisitions:**
The European sports landscape is dynamic, with opportunities for mergers, acquisitions, and strategic partnerships to enhance market share and profitability.
- ★ **Strong Cultural Influence:**
Deeply ingrained in the cultural fabric of many European countries, sports teams and leagues hold significant cultural and social influence.

Private Equity Growth Criteria

Different Focus and KPIs across different professional sporting leagues

NFL, NBA, MLB, NHL, MLS:

- ★ **Revenue Growth:**
Paramount, driven by media rights deals, sponsorships, and ticket sales
- ★ **Profitability:**
Strong emphasis on EBITDA margins and return on investment
- ★ **Fan Engagement:**
Key metric, measured through attendance, viewership, social media interaction, and merchandise sales
- ★ **Key KPIs:**
 - Revenue per fan
 - Operating income margin
 - Return on assets (ROA)
 - Return on equity (ROE)
 - Fan engagement metrics (e.g., social media followers, TV ratings)
 - Brand value and sponsorship revenue growth

More mature, with a stronger emphasis on financial performance and long-term sustainability.

European Football:

- ★ **Revenue Growth:**
Similar to North America, with a strong emphasis on international media rights
- ★ **On-field Performance:**
Winning trophies (Champions League, domestic leagues) significantly impacts brand value and revenue
- ★ **Player Development:**
Investing in youth academies and developing talent is crucial for long-term success
- ★ **Key KPIs:**
 - Transfer market activity (player sales and purchases)
 - UEFA coefficient ranking (determines Champions League qualification)
 - Matchday revenue (ticket sales, hospitality)
 - Commercial revenue (sponsorships, merchandise)
 - Player performance metrics (goals, assists, etc.)

Highly competitive, with a significant focus on on-field success and the transfer market.

Global Cricket:

- ★ **Media Rights Revenue:**
A major driver, with high demand for broadcasting rights in major markets like India
- ★ **Franchise Value:**
Increasing the value of teams through successful on-field performance and strong brand building
- ★ **Fan Engagement:**
Leveraging digital platforms and innovative fan experiences to attract a younger audience
- ★ **Key KPIs:**
 - Media rights revenue per match
 - Franchise valuations
 - Viewership data (TV and digital)
 - Social media engagement
 - Merchandise sales and brand licensing

Driven by media rights revenue and the growth of franchise-based leagues.

Rugby Union:

- ★ **Financial Sustainability:**
Ensuring long-term financial stability for clubs, given the high costs of player salaries and infrastructure
- ★ **On-field Performance:**
Success in domestic and European competitions is crucial for attracting sponsors and fans
- ★ **Community Engagement:**
Building strong ties with local communities through grassroots programs and outreach initiatives
- ★ **Key KPIs:**
 - Operating profit margins
 - Debt levels
 - Player salary caps and compliance
 - Community engagement metrics
 - Participation rates in youth rugby

Facing unique challenges related to financial sustainability and player welfare.

Cloud, Data and AI impact all areas of the sports ecosystem

Competitive pressure is rapidly increasing for sports properties in all sporting codes



- ★ New digital revenue streams
- ★ **Hyper-personalised digital fan engagements**
- ★ Real-time, immersive streaming experiences
- ★ **Connected, digitally interactive smart venues**
- ★ Sport is now a digital, personalised entertainment business
- ★ Gen Z and Alpha sports fans expect instant, 'sound-bite' sporting experiences.

Monetisation growth is not yet realised in Europe

Europe is at an inflexion point where media rights ceases to be the primary revenue growth driver

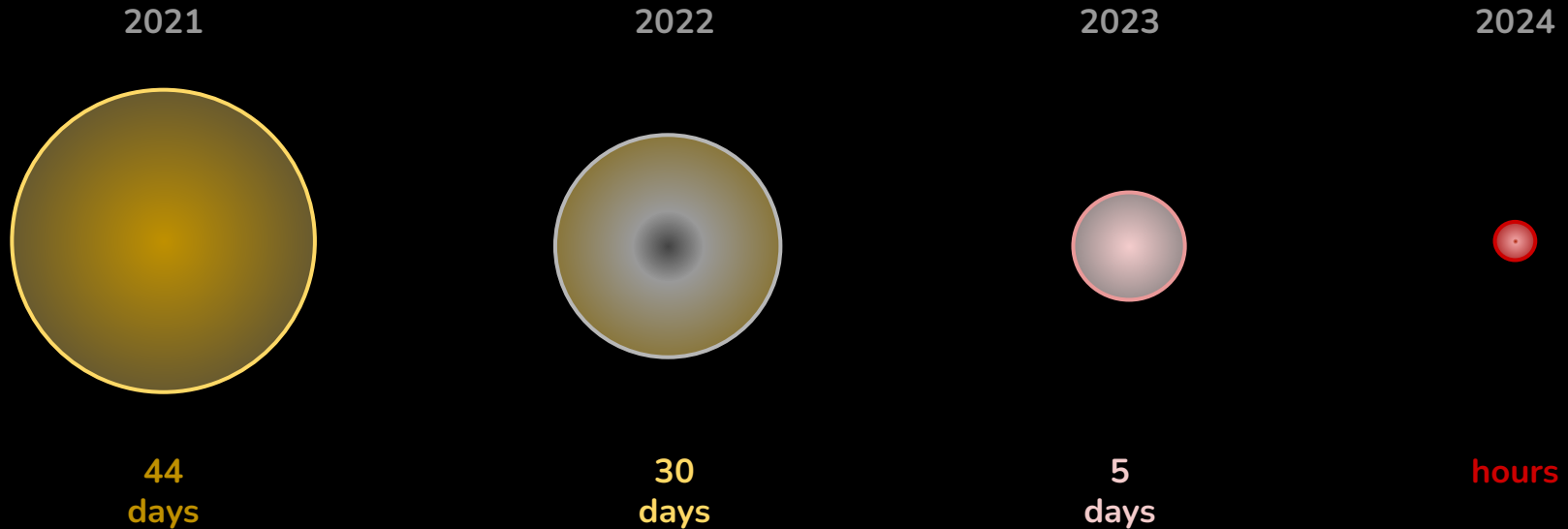


- ★ Only 2% of sports rights holders expect media rights to deliver significant revenue growth in the near term in UK [1]
- ★ Data-driven digital offerings and ecosystem partnerships emerge as potential new levers for growth
- ★ **88% of UK sports organisations do not have a data strategy integrated into their business decision making [1]**
- ★ Value creation remains elusive due to lack of data, AI and cybersecurity expertise
- ★ **50% of UK sports properties commercialise less than 10% of their known audience [1]**
- ★ Sports properties and media broadcasters need to become data centric organisations to compete in an increasingly crowded global sports marketplace
- ★ **'Secure data-at-scale' will be paramount to even enter the race.**

[1] Only 2% of UK sports properties expecting major media rights growth in next five years - SportsPro (sportspromedia.com)

The AI-powered cybercriminal has crossed the start line:

Attacks are happening faster than organizations can respond

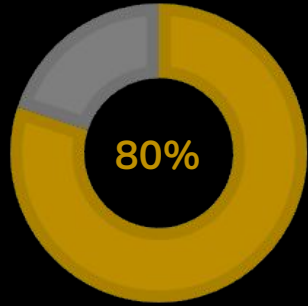


Typical number of days from 'compromise to data breach'^[3]:

[3] PaloAlto Unit 42 Cloud Threat Report, Volume 7: Navigating the Expanding Attack Surface (paloaltonetworks.com)

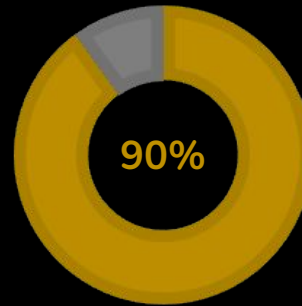
Cloud is the dominant attack vector for the cybercriminals

AI-powered data breach attacks risk sabotaging private equity investments in sport



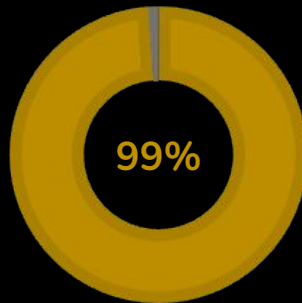
of data breaches are occurring on cloud assets in 2024.

Cloud-native vulnerabilities are a major concern [8]



of CEOs are worried their organisation will be a victim to a catastrophic cyber attack by 2025.

CEO concerns are increasing [9]



of Global 2000 companies are directly connected to a breached vendor in their supply chain.

Similar exposures are likely for sporting entities [10]

[8] PaloAlto Unit 42 Cloud Threat Report, Volume 7: Navigating the Expanding Attack Surface (paloaltonetworks.com)

[9] David Andrew: The SASE-powered C-suite

[10] 99% of Global 2000 Companies Directly Connected to a Supply Chain Breach - SecurityScorecard



Emerging Considerations for Private Equity Deal Valuations and Risk Profiling

The maturity of sports properties 'secure data-at-scale' capability needs to be accurately assessed as part of the due diligence process.

Future data-driven, digital revenue streams and cybersecurity attack surface exposures impact deal valuation.

Impact of 'secure data at scale' for private equity deal valuations

Sports property maturity impacts investor risk and forecast business case ROI

Reduced Risk Premium:

- ★ **Strong Cybersecurity Posture:**
Demonstrating robust cybersecurity measures (e.g., strong encryption, multi-factor authentication, regular penetration testing, incident response plans) reduces the perceived risk of data breaches, ransomware attacks, and other cyber threats. This lowers the risk premium that investors demand, leading to a higher valuation.
- ★ **Data-Driven Decision Making:**
Mature data-at-scale capabilities allow sports properties to leverage vast amounts of data (fan demographics, performance analytics, market trends) for informed decision-making, such as:
 - **Enhanced fan engagement:**
Personalized marketing, targeted promotions, and improved fan experiences.
 - **Optimized revenue streams:**
Data-driven pricing, sponsorship deals, and merchandise sales.
 - **Improved athlete performance:**
Advanced analytics for player recruitment, training, and injury prevention.
- ★ **Competitive Advantage:**
A strong data foundation provides a competitive edge, allowing the property to outperform rivals in areas like fan acquisition, revenue generation, and operational efficiency. This increased competitive advantage directly translates to higher valuation.

Enhanced Investor Confidence:

- ★ **Transparency and Trust:**
Demonstrating a commitment to data security and privacy builds trust with investors and stakeholders.
- ★ **Long-term Value Creation:**
A strong data foundation is crucial for long-term value creation and sustainable growth. Investors are more likely to invest in properties that have a clear data strategy and the capabilities to execute it effectively.

Increased Growth Potential:

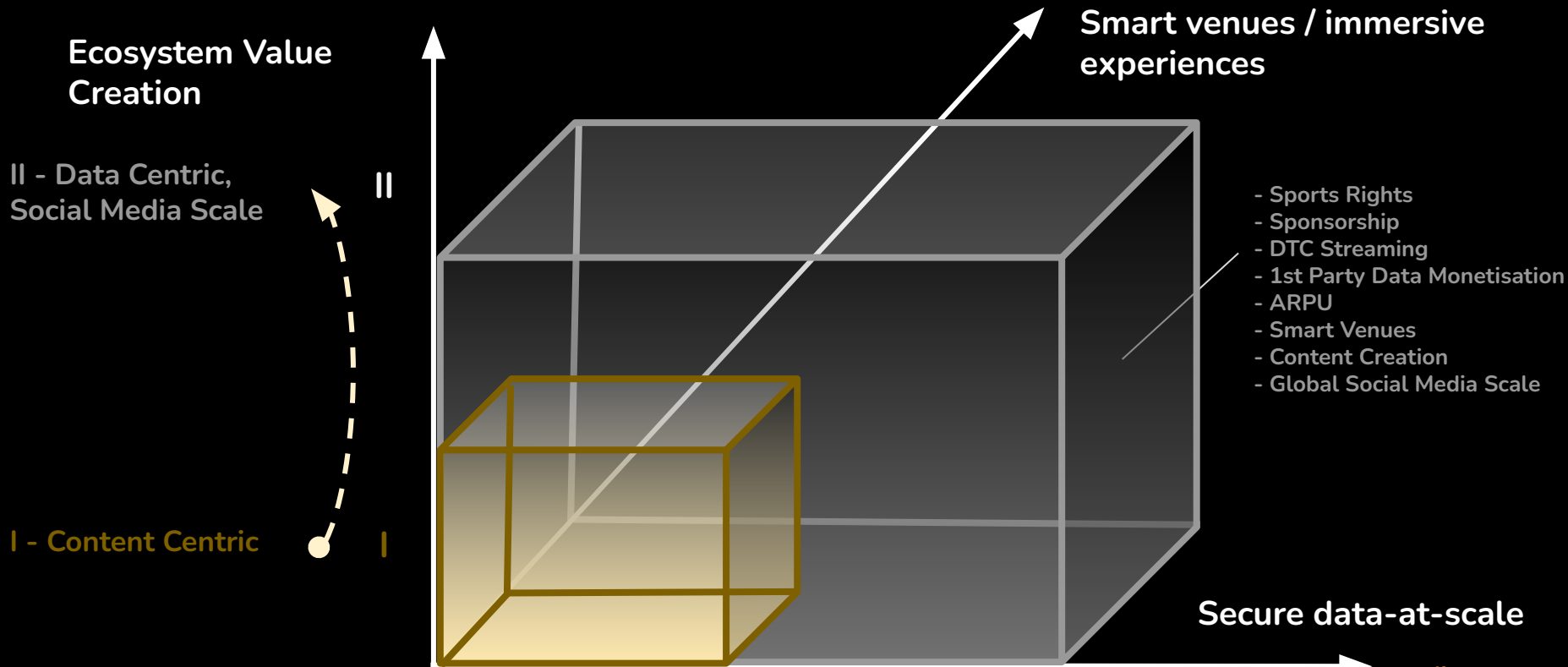
- ★ **Data Monetization:**
Securely leveraging fan data for targeted advertising, personalized content, and data licensing can unlock significant new revenue streams.
- ★ **Innovation:**
A robust data infrastructure supports the development of innovative products and services, such as:
 - **Direct-to-consumer platforms:**
Streaming services, fan communities, and personalized experiences.
 - **New revenue models:**
Data-driven sponsorship packages, fan tokens, and personalized merchandise.

Improved Operational Efficiency:

- ★ **Data Analytics:**
can optimize various aspects of operations, such as:
 - **Ticketing and venue management:**
Dynamic pricing, personalized offers, and improved customer service.
 - **Supply chain management:**
Optimized inventory management and reduced costs.
 - **Marketing and sales:**
Targeted campaigns, improved ROI, and reduced marketing spend.

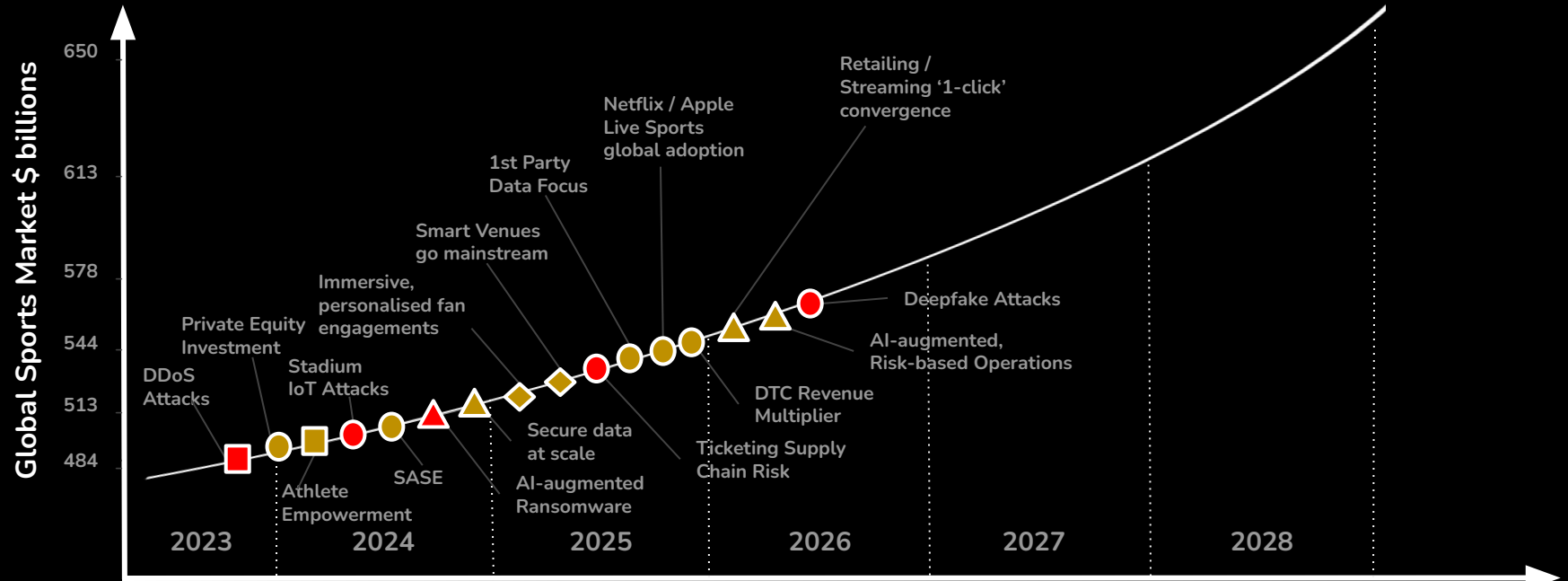
Value Creation for Data Centric Sports Properties

Reimagining digital fan engagements built on secure data-at-scale



Market dynamics impacting global sports market growth

Secure data & AI maturity will be fundamental to profitable growth



Maturity reached:

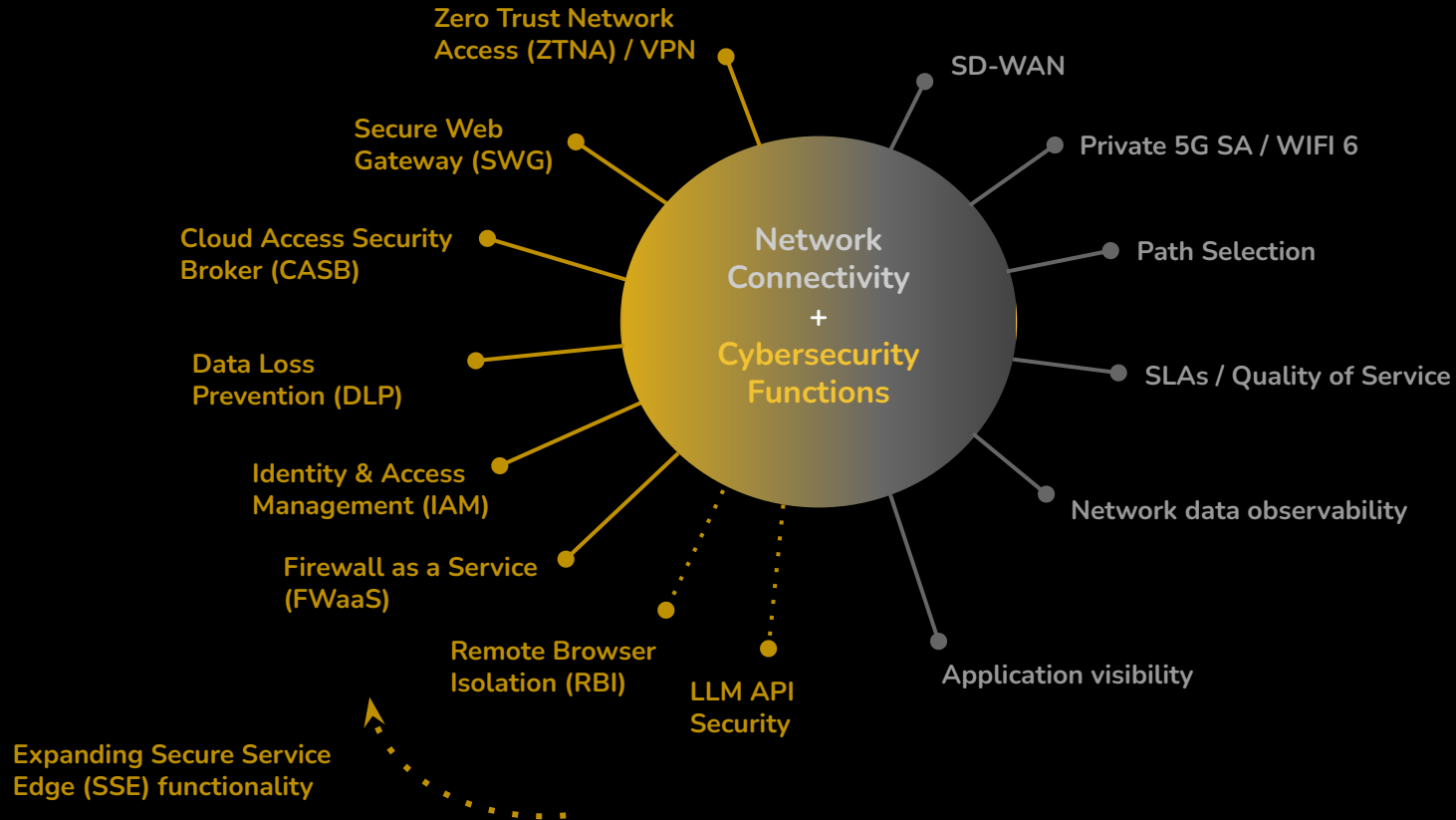
- △ Less than 1 year
- 1 - 2 years
- ◇ 3 - 4 years
- Plateau

Key: ● ENABLER ● CYBER THREAT

Data-AI-Cybersecurity market dynamics

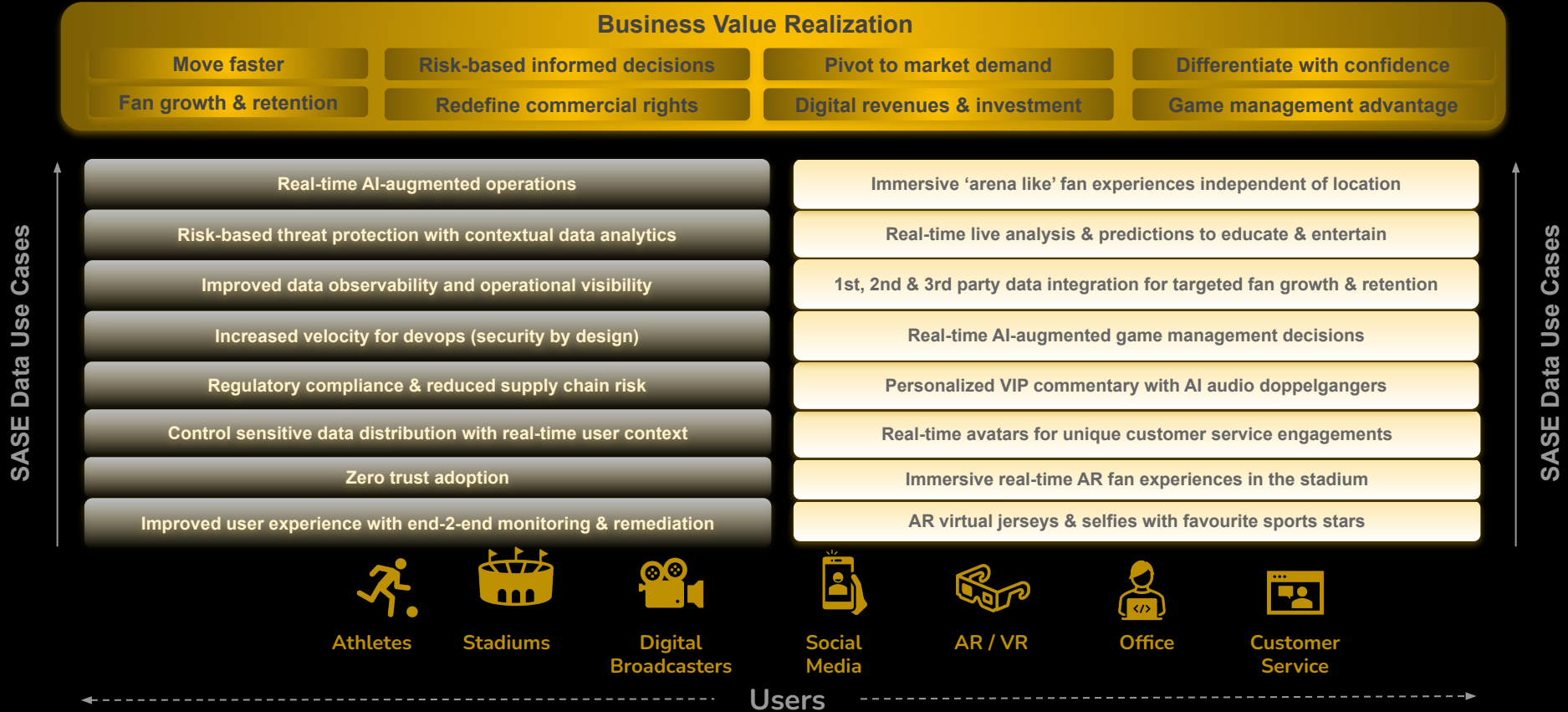
So what is Secure Access Service Edge (SASE)?

Convergence of Network Connectivity and Cybersecurity



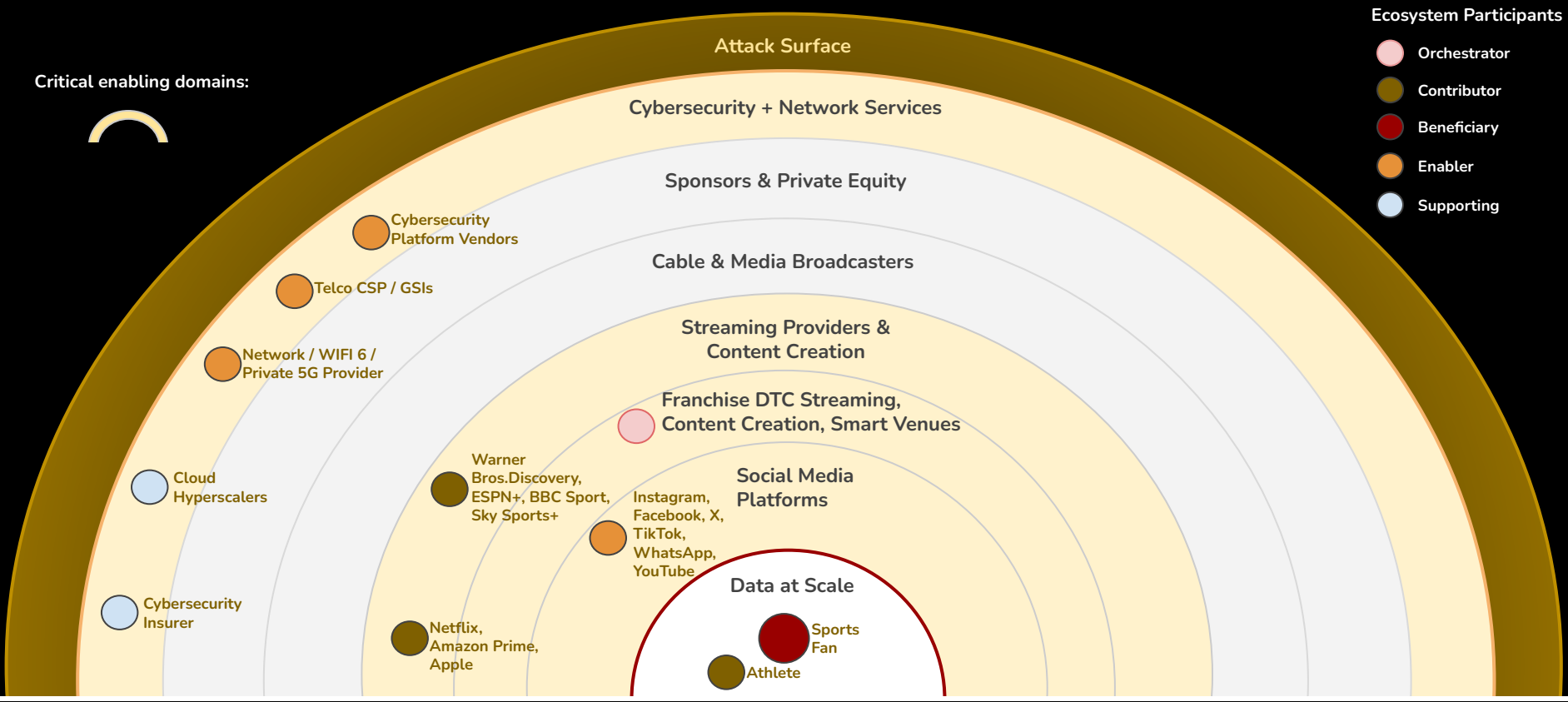
How SASE becomes the ultimate business enabler

Through embedding a strong security culture foundation across the sports organization



The Data-centric sports property

SASE enables all ecosystem participants to deliver value creation securely



Identifying growth and reducing risk with data, AI and cybersecurity due diligence

Our approach seeks to enable private equity investors to take informed decisions



Benefits:

- ★ Mitigate Risks & Safeguard ROI: protect sensitive player data, fan information, and club assets from cyber threats, data breaches, and reputational damage
- ★ **Enhance Fan Engagement: deliver personalized experiences, innovative services, and deeper fan connections through data-driven insights and AI-powered platforms**
- ★ Optimize Operations: streamline operations through efficient data utilization, automation and AI-augmentation
- ★ **Ensure Compliance & Trust: adhere to stringent data privacy regulations (e.g., GDPR, DORA) and build trust with fans, players, and stakeholders through transparent and ethical data practices**
- ★ Our guidance enables 'informed decision making' to manage risk and investment priorities

Data, AI and Cybersecurity Due Diligence for Private Equity Investors

Current State Maturity and Compliance, Target State, Business Value Realization, Uses Cases & your Transformation Journey

I - Data, AI & Cybersecurity Current State Maturity & Benchmarking

- ★ Data landscape assessment
- ★ Data & asset inventory and classification
- ★ Assess data quality, data integrity and data security across the digital ecosystem & networks
- ★ Identify critical data flows, data silos and dependencies
- ★ AI asset inventory and existing governance frameworks
- ★ Cybersecurity risk assessment including SASE review & attack surface vulnerabilities
- ★ Regulatory compliance review & identification of potential compliance gaps

II - Data, AI & Cybersecurity Target State Frameworks & Transformation Path to Value

- ★ Co-develop data governance, policies, standards and procedures
- ★ Define robust data access controls and data retention policies for athlete and fan data
- ★ Establish data quality management processes
- ★ Identify key data, AI, cybersecurity risks
- ★ Define AI governance framework
- ★ Co-develop risk mitigation strategy
- ★ Co-develop cybersecurity governance frameworks based on SASE best practice
- ★ Define monitoring procedures to mitigate AI LLM cybersecurity risk and ensure responsible AI-usage
- ★ Valuation impact analysis of risks
- ★ Roadmap Development for 1st party data centrality.
- ★ Outline SASE target state architecture.
- ★ Identification & prioritization of high impact data, AI, cybersecurity use cases.

III - Data, AI & Cybersecurity Value Quantification

- ★ Business Case Development data, AI, cybersecurity investments
- ★ Quantify the potential ROI of key use cases.
- ★ Develop financial models to assess the impact of data, AI, and cybersecurity initiatives.
- ★ Finalize the roadmap for 1st party data centrality and SASE target state
- ★ Define specific action plans and timelines for implementation.
- ★ Due diligence briefing on key findings, recommendations, resiliency, benchmarking results, critical use cases for ROI, areas for investment prioritisation & future innovation

TIAKI bring deep expertise from our personal journeys at



pwc



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ORACLE



LLOYDS BANK

... which shapes our digital, data, AI and cybersecurity consulting insights in the global sports ecosystem.



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David is the Founder & Managing Partner at TIAKI, where he collaborates with bold and determined leaders in the sports ecosystem to define their data, AI and cybersecurity strategies to deliver sustainable value.

TIAKI is a niche consulting practice helping executive leadership in sport make confident, informed decisions on their risks, investments and business outcomes powered by secure 'data-at-scale'.

TIAKI empowers CEOs, management teams, broadcasters and investors in the global sports industry with strategic advisory frameworks to deliver secure, pioneering digital fan experiences and new ecosystem business models to achieve breakthrough returns.

David has over 20 years of strategy and technology enabled business transformation experience, providing consulting expertise in cloud native technologies, data strategy, digital business enablement and cybersecurity strategy. He is passionate about helping talented leadership teams succeed in securely growing their differentiated business models in the data-driven, digital sports economy.

Based in Stockholm, David previously worked for IBM Consulting, EY, Accenture Strategy and Orange Business. He studied Chemistry at Durham University and holds an MBA from Trinity College, Dublin Business School.

