



NBA excited about Internet and digital TV

By ALAN BREZNICK
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SNAPSHOT:

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Title: President, NBA Television and New Media Ventures.

Company: National Basketball Association.

Age: 40.

Hometown: Los Angeles.

Resides: Alpine, N.J., and New York City.

Education: UCLA; MBA, marketing, USC.

Family: Wife, Sally.

Background: Began career in broadcasting in 1972, serving in a variety of production, programming, technical operations, business and sales jobs; named executive producer of the Los Angeles Lakers Radio Network in 1977; became director of broadcasting and executive producer for the Lakers, Los Angeles Kings and The Forum in 1978; joined the NBA in 1982 as director of broadcasting and executive producer; vice president and general manager of NBA Entertainment from 1984 to 1991; vice president of international TV from 1986 to 1994; now responsible for planning and developing the league's use of new electronic media technologies,

Ed Desser knows a thing or two about technology's effects on sports. Since he was in high school, this 24-year veteran of the sports and entertainment business has been a pioneer in developing electronic media technologies for pro basketball's use, from broadcast and cable TV two decades ago to the Internet, satellite broadcasting and high-definition TV today.

Desser, president of NBA Television and New Media Ventures for four years, has aggressively pushed pro basketball into satellite broadcasting by crafting NBA League Pass, a subscription package of out-of-market games that's surpassed in popularity only by the NFL's Sunday Ticket package among league satellite packages. Similarly, he has pushed the league onto the Internet by developing NBA.com, one of the leading sports sites on the Web.

Desser, who formerly was in charge of the league's in-house TV production and international TV units, also has played a leading role in the NBA's media resurgence during the 1980s and '90s. Most recently, he helped negotiate the league's record-setting four-year deals with NBC and Turner Sports in 1997, generating more than \$2.6 billion in revenue for the league. He also has shaped the NBA's successful international TV distribution strategy, which has put the league on the air in more than 150 countries.

Also responsible for the WNBA's technological evolution, Desser now has his eye on greater use of the Internet, high-speed data services and digital TV. Waiting for the NBA season to begin, Desser talked with Street & Smith's SportsBusiness Journal correspondent Alan Breznick about the trends he is seeing.

SBJ: Of the things you've seen in your 16 years at the NBA, which technological changes do you consider the most significant?

Desser: Well, I think in terms of fundamentally changing the sports marketplace ...the wide distribution of cable has had the most profound change. We went from having a handful of games on network television and a little bit of over-the-air local television ...to today, where virtually every game is televised at least in one market, often in two markets, with a substantial portion of those games appearing on regional sports networks that didn't exist back then. [There is also] heavier reliance on sports programming by local broadcast stations, more expansive radio

coverage, multiple-hour pregame shows, postgame shows and other shoulder programming. So we've gone from a relative paucity of programming to a plethora of programming.

SBJ: What prompted you to start the satellite TV subscription package, NBA League Pass, five years ago?

Desser: Well, that was another step in the evolution. ...If you look over this time period, [there were] games that were being played but weren't being distributed, which are now for the most part being distributed at least locally. I left out the whole evolution of the national cable package and national broadcast package from not existing to being three nights a week on a national basis, [from] saturation coverage of the playoffs on cable and a handful of regular-season games and occasional weekend afternoon playoff games on network television to tripleheaders, regular weekly coverage ...and prime-time games in the playoffs and finals on network TV. ...Once you've done that, you kind of say, "What's left? What's missing?" DBS [direct broadcast satellite] provided a platform with the next set of available channels, just like cable provided the opportunity to deliver the regional sports networks on channels that didn't really exist back in the 36-channel universe or before that. DBS had the availability to [carry] 150 or 200 channels ...so devoting 10 or 12 channels to programming less widely distributed became economically feasible. ...The whole idea behind DBS was another slice of the distribution salami.

It's analogous to what's done with movies, where there are various distribution windows. You start out with first-run admissions and you work your way down to 95th-run syndication packages, with a lot of stops along the way.

SBJ: Do you foresee making this satellite package available to cable and broadcast TV?

Desser: I don't see it being the kind of thing that's likely to be a broadcast TV kind of staple because broadcast TV depends upon a critical mass audience that doesn't really exist for that kind of product. ...As there's more and more digital cable and channel capacity is not as constrained, that's something that we'll most definitely look at.

SBJ: How do cable and satellite fit into your international expansion plans?

Desser: On the international side, our preliminary desires have included more broadbased exposure. So our first-line initiatives have been toward gathering together broadcast television in good time slots on a worldwide basis. We've then used various forms of cable, MMDS [microwave technology] and satellite as additional layers, which in some cases are a supplement to what's available locally and in other cases are the predominant form of distribution. It really depends upon the relative strength of our programming as a mass audience vehicle in a particular market. In a place like Spain or Italy or Greece, Taiwan, etc., it's very sustainable as a broadcast property. In markets that are more interested in other sports, we rely more heavily on cable and satellite.

SBJ: The NBA went onto the Internet three years ago. What's been your thinking behind producing the NBA's Web site, NBA.com, and how has that evolved over time?

Desser: At the very beginning, it was: Here's a new technology, here is a new way to serve our fans and distribute our programming ...on a worldwide basis 24 hours a day. So we viewed it initially as an opportunity to better serve those who, because of time zones and the like, haven't been able to have as ready access to the NBA as we might prefer. At the same time, we viewed it as something that we needed to learn about, use the variety of assets that we have available to us to see what works and what doesn't work in this new medium. Of course, at that time we couldn't have anticipated the kind of growth in the medium that we have seen since then.

SBJ: Yeah, nobody could.

Desser: We didn't know at the time if it would be the next eight-track tape or it would be the next cable TV. It's looking more like the next cable TV.

SBJ: Where do you see the Internet going for you?

Desser: Well, it has certain characteristics that we like — the fact that it's available on an international basis; the fact that it's very interactive and allows us to customize and serve particular people with particular interests with precisely what they desire; we've got a variety of platforms to promote it and weave it into our television programming. It's well-suited to a variety of things, and we're trying to use it for those things to add value to our fans and ultimately expand our revenue base.

SBJ: Will it become like TV for you?

Desser: I don't think so. At least in its current incarnation, it's more of a support vehicle than a primary distribution vehicle. It's a point-to-point, one-to-one kind of relationship in contrast to broadcast, which is point to multipoint. ...Television is much better suited to mass delivery of the same thing to multiple people than something like the Internet. ...But it provides a very nice supplement to the experience of watching the game, whether it's seeing real-time statistics as you watch a game on television, having the opportunity to e-mail a question and have it answered, check on the rosters [or] listen to the radio feed coming from a different city. ...I expect that over time there'll be a greater use of video as that technology improves. ...[But] I don't really see it becoming a live, streaming source of our product on a real-time basis because we've got existing distributions in place for the vast majority of our games both domestically and internationally.

SBJ: Your league is also doing a broadband [high-speed data] site with @Home Network.

Desser: We experimented last season with some broadband. Recognize that part of what we do is look for the next opportunity to come down the pipe. We were looking at DBS eight and nine years ago when it was just a figment of people's imaginations to plan for the time when the critical mass would be there and we'd start delivering programming that way. In a very similar manner, broadband may be the next generation of the Internet or a combination of Internet and other things. We feel it's incumbent upon us to learn as much as we can about these new possibilities and figure out how to exploit them.

SBJ: Will you be doing more broadband?

Desser: I suspect we will. But that's not at the top of our agenda right now. It's something that we're going to continue to monitor as it develops.

SBJ: What other possible next opportunities are you looking at?

Desser: Well, I think it's kind of a "you name it." Whatever is out there, we're platform agnostic here. As long as it allows us to be able to best serve our fans, it's something that we want to look into. We don't favor

broadcast or favor cable or direct broadcast. We don't favor Internet versus broadband. We look at all of these things and try to figure out how best to use a combination of them.

SBJ: What else out there are you looking at? National satellite radio, for instance?

Desser: There is a little bit of talk about that, but I wouldn't yet put that in the category of anything active. I think that we're still in the infancy of the Internet. ...I think that there's a substantial additional evolution that's going to occur there so that's probably where we're going to focus more of our attention. There are the kinds of things that we started doing recently with Java apps to deliver real-time stats on NBA.com. [We've made] use of Real Audio to provide what we call the NBA Audio League Pass. ...Our desire is to continue to nurture them.

I guess the most obvious next thing is high-definition and digital television, which again is something that we have been studying for eight or nine years. Now it actually is real at least in the sense that there are broadcasters broadcasting in it and there's some equipment that's commercially available. It's certainly nowhere near critical mass or even commercially viable yet because as long as [sets cost] \$7,000 or \$8,000, it's hardly a mainstream product. But over the course of the next year, we're going to see the birth of that industry as a consumer industry. It's yet to be seen just how long it's going to take for it to transition into mainstream, but it's no question that it substantially heightens the potential enjoyment of our product by our fans. So that's something that is very high on our checking-into agenda.

SBJ: Assuming there is a season, will we see NBA broadcasts in HDTV this year like we've seen with a couple of NFL broadcasts?

Desser: At this point, we are

expecting that the Knicks and Mad-

ison Square Garden

Network will be

doing Knicks home games in high-definition. That's the only announced ongoing high definition situation that I am aware of, but there are going to be more. It's literally going to be sorting out in the next several months,

and I'd say certainly by next season it will be probably more widespread. There are some significant hurdles yet to be overcome. It's taken a long time just to get the standards established and equipment out there. One of the things that most people don't really understand is just how much unique and specialized technology has been developed to allow sports programming to be as entertaining and well-produced as it is. A lot of those bells and whistles don't yet exist for high definition and one of the issues is going to be that no one is going to want to take a step backward in terms of production, quality entertainment, value and the like in order to use high definition for a very small audience. So we're going to have to wait a little longer for a lot of those bells and whistles to be manufactured in the new standard.

SBJ: Does that mean we won't see it on NBC this year?

Desser: I can't say. That's something that you probably need to talk to NBC about. I'm not really at liberty to talk about what their plans are.

SBJ: Do you foresee a separate HDTV service, a subscription service for HDTV broadcasts or something like that?

Desser: I think that's possible in the short term, but I don't know if it's really going to be cost-efficient. One of the important things that cable networks and broadcasters get in a relationship with a sports league or a sports team is proprietary content, and you have to be careful before you create an alternative to that proprietary content. That's one of those balancing acts that's important to us to maintain. I don't immediately [see] some sort of alternative. I think the likelihood is there will be more of a transition, that existing rights holders will add on parallel distribution, as opposed to there being some sort of a freestanding high-definition alternative. But it's very early. ...We're going to have to see how things develop.

SBJ: Will you take the WNBA down the same technological road as the NBA?

Desser: We have been. If we look at WNBA.com or the WNBA Season Pass [package], those are examples of very similar approaches technologically to the NBA. In those particular media, there are differences we have to recognize. For example, you don't have 51 years of WNBA history that can enrich the WNBA Web site and there aren't 29 WNBA teams, at least not yet. ...However, from a cutting-edge standpoint, we absolutely see the WNBA as being on an equal footing with the NBA.

SBJ: Any other technological changes that you see impacting the league or affecting the teams?

Desser: I guess the other kind of coming attraction is going to be the development of play-spaced entertainment utilizing various technologies and seeing that extended to enhancing the in-arena experience.

SBJ: You mean like luxury boxes?

Desser: Yeah. Seat-back videos, touch-screen monitors that allow you to call up a replay after a play or order a hot dog. There are a variety of things that are out there. It's a matter of the cost coming down to a level that the business can support when these things are in development and it's \$100,000 per seat. It takes quite a while to pay those things off. If it gets down to \$500 per seat, it changes the equation dramatically.

SBJ: At what point does the cost of technological upgrades alienate your fan base?

Desser: Well, it's a factor. We have to do it in a way so it adds value that doesn't just increase cost. Hopefully, we can generate incremental revenue through the use of technology, maybe save some costs by the use of technology. Those things allow you to offer an enhanced technological option without having to fund it entirely from the users or the fans. ...If you think about the core game, it relies on very little technology and we've enhanced it with this wide variety of technical tools. The core game is very much a human product, a very manual product, and that isn't going to change. That's part of the attraction, I think. But there is a seemingly endless array of possibilities that can be created to enhance the experience, to extend the experience to create new audiences for the product in ways and means that didn't previously exist. All of those things are very positive for business in the long term.

SBJ: Once the season starts, how badly do you think the lockout is going to hurt your TV ratings, satellite subscriptions and Web site traffic?

Desser: I don't know that I can give you an answer to that question. We certainly hope that the impact will be minimal, but in candor we just don't know. We're going to do the best job we can to get back to business as soon as we can. Beyond that, I think we're going to have to let history be the judge to answer that question.

Alan Breznick is a writer living in Washington, D.C.

