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# 7 AREAS WHERE TECHNOLOGY WILL SHAPE THE FUTURE OF THE SPORTS INDUSTRY

**Charlie** runs Sports Loft. They work with the tech companies that they believe will shape the future of the sports industry. Sports Loft currently works with 10 companies - 6 from the US, 3 from the UK and 1 from Israel ranging from late seed through to Series A and Series B. Previously Charlie worked at Nike and AEG and has consulted with many of the leading sports organisations such as the FA, Premiership Rugby, Puma, Limelight Sports, Adidas, British Tennis, British Athletics, F1, NFL UK and M&C Saatchi.

*At Sports Loft, we seek out the companies that will shape the future of the Sports Industry. We have identified 7 areas that we think are going to change significantly through rapid digital adoption and where rightsholders, brands, broadcasters and other stakeholders in the sports eco-system need to be aware of the latest technologies. From on-pitch performance to engaging with fans at home and new ways to create content, these are the areas to watch.*

At Sports Loft, we seek out and support the companies that we believe can shape the future of the sports industry. The “seeking out” part of that sentence is easily overlooked – as we spend lots of time meeting with companies and working out which are really exciting. However, to do that, you have to have a point of view as to where the industry is going and which are the areas that will see the highest levels of adoption of new technology.

We have identified 7 areas in the sports and media industry that we feel are going to change significantly in the coming years (much of which will be driven by the macro effects of COVID), where innovative tech companies can shape the future of the industry and where Sports Loft’s network and expertise can help them. For this article, I’m going to set out the 7 areas that we think are going to see the most demand for new technologies.

**1** Half of Premier League clubs spend more than 70% of their revenues on player salaries. The players are in most cases the most valuable assets that a club has. Whether that is sustainable is a different matter, but if you are going to spend that much money on your players you are going to want to maximise the return that you get for that money. GPS tracking systems and similar technologies have been widely adopted across many sports for both

matchday and training, but we anticipate a significant growth in the adoption of technologies (and increasing sophistication of those technologies) that can help those players prepare and perform better, help players spend more time on the pitch and help teams make better decisions. In effect, technologies that can help the team (whatever sport) get maximum return from the players that they are investing in.

**2** COVID has shown us how important community is – from zoom calls bringing people together for work to friends watching soccer matches together and runners comparing their times with their friends. There is a much broader trend for community based business models at the moment which has been getting a lot of attention from the venture capital community. However, whilst sport is inherently community driven, in many cases it has been slow to adopt these sorts of community based business models and we think that will change and will be especially noticeable in fan engagement, personal fitness and with the training of elite athletes. We think that there will be a noticeable increase in the usage of technologies that can bring people together around their shared sports and media passions.

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**3** In the next few years, sports organisations are going to be driving commercial revenues in an increasingly challenging environment. Up until now, many commercial departments have operated on a pretty basic level, but that is going to need to change and they are going to need to become much more sophisticated if they are going to be successful. This can already be seen in the way that rightsholders are having to find ways to “make good” for sponsors as stadiums have been closed to fans – and in almost all cases they are turning to digital. We anticipate a big demand for technologies that can improve the commercial operations within sports organisations – eg ways to think about partnerships so that they demonstrate genuine business cases rather than relying on antiquated equivalent media value metrics, ways to gather and use 1st party data, ways to value fanbases and more innovative ways to approach ticketing. Whilst many commercial departments may have viewed these as “nice to haves” in the past, these sorts of technologies are now going to be viewed as necessities.

**4** The coming years are going to see a significant growth in the number of entities distributing content to fans – whether this is teams and leagues developing direct-to-consumer offerings, tech companies buying sports content as new commercial models develop or new content platforms emerging to challenge the current broadcasters. This is going to create significant demand for technologies that can help content owners a) genuinely understand their fanbases and how to market directly to them b) create and distribute high quality content at low cost and c) deliver products that fans will want to engage with and keep coming back to.

**5** Participation has long been the poor relation of the professional game, but look at the stats under COVID – running is up, cycling is up and tennis courts are fully booked. At the same time, we expect to be able to measure our performance and compare with our peers, whilst Peloton, Zwift and others have shown that we can do our sports physically on our own. Equally, there is a huge opportunity for clubs and brands to engage with fanbases through coaching and skill improvement. We are especially excited about technologies that can change the way that people talk about their performance – rather than “I scored two goals” as the measure of having had a good game, being able to say “I covered 15% more ground than last week and my pass completion was 20% higher”. We see a clear opportunity for companies that can help participants really understand how well they are playing, compare with others and really change the way that people talk about their performance.

**6** “Like a good waiter, this tech and content must rapidly not just know our tastes, but be there when needed and be invisible when it isn’t” – DuBose Cole, Vayner Media. We think this sums up the next stage of personalisation rather well – moving on from trying to push us something through re-targetting ads and beginning to anticipate a need and give us a solution at the right time. In the sports and media sector, where we are deluged with content, there is a huge appetite for additional information and there is masses of data about the audience (even if little is currently done with that data), little has been done above the basics. As demand for personalisation grows and consumers seek to contend with the mass of content available, brands, leagues, teams and broadcasters will be looking for companies that can bring the next generation of personalisation techniques to the sports and media industry.

**7** In the past 18 months, we have been repeatedly pitched startups that are focused on fan engagement – but it has been yet another quiz capability or polling game. They had become very repetitive and few stood out. COVID has changed that – with matches being played behind closed doors, the underlying product is weaker and fans are looking for new ways to engage – and once they find platforms and products that they like, they aren’t going to go back to a linear, non-interactive experience. We think that there is going to be a significant growth in the number of fans looking for new ways to engage whilst sat at home and think this provides an opportunity for companies that can deliver ways for broadcasters / teams / leagues to engage fans at scale, can get fans to keep coming back to their products and genuinely enhance the fan experience.

Many of the companies that we will work with at Sports Loft will fit into more than one of these 7 focus areas, and that is fine, but they must fit into at least one. If you run a startup and feel that you fit into at least one of the categories then please do get in touch. Equally, if you are at a sports organisation and this has resonated with you, then please get in touch as we are probably talking with some great technologies that can help you.

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