

IVCA Private Equity Profile



Sportvision, Inc.

Management: Hank Adams, Chief Executive Officer

Venture Capital Partners: New World Ventures, AIG Sports & Entertainment, Motorola

Headquarters: Chicago

As most sports fan will tell you, watching the game on TV doesn't match being in the stadium with thousands of other fans. But Sportvision, Inc., a Chicago-based firm integrating technology into broadcasts, is improving the at-home sports experience with its specialized viewing enhancements.

Case in point: the virtual first-down line. In September 1998, football fans across the country tuned in to the Baltimore Ravens-Cincinnati Bengals contest and saw the debut of the now-familiar bright yellow stripe denoting the first-down line. This virtual line revolutionized the TV sports experience and paved the way for more technological enhancements in broadcast sports – and it became one of Sportvision's first major successes.

Since then, Sportvision has enhanced nearly every major sport in the United States. Baseball, basketball, golf, racing and even the Olympics use the company's technology to offer viewers the opportunity to experience the thrill of a live sporting event.

Sportvision Systems

It started with a glowing hockey puck. In 1996, Fox Sports sought a way to boost ratings for its hockey games. Co-developed by its Chief Technology Officer Stan Honey, FoxTrax – or the “glowing puck” as many called it – allowed fans to better see and track the puck's movements. Three years later, Fox and the NHL severed their ties, and the glowing puck was quickly retired. But Mr. Honey was far from joining it.

In 1998, he partnered with Jerry Gepner (co-inventor of the illuminated puck) and Bill Sqaudron from Fox Sports to start Sportvision Systems. Investors such as Sterling Ventures backed the new business with seed money.

What Sportvision Means to Illinois

- ✓ **An award-winning company known for offering cutting-edge technology that is changing the world of sports**
- ✓ **National headquarters provide jobs and revenues for the state**
- ✓ **Opportunities for local venture capitalists to invest in a highly productive, growth-oriented market**

Operating in New York City, the company began in earnest developing viewing innovations. A strategic partnership in 2002 with Ignite Sports, Inc., an integrated marketing company using technology like the Internet to market to sports fans, helped

take Sportvision technology to the next level. The companies came together under Sportvision's name.

Venture Capital

When Sportvision and Ignite moved to join forces, they entered a round of venture funding and raised \$10 million. The funds came from both companies' existing investors as well as new investing partners. The funding, as in the past, fueled the new company's marketing activities and development of technologies, while also allowing for growth.

Sportvision moved to Chicago and now operates from corporate headquarter on the city's North Side. It also operates branches in California and Wisconsin. Since the merger, Sportvision has continued to develop and market breakthroughs in sports viewing. In addition to the popular first-down line, Sportvision has pioneered the KZone virtual strike zone for baseball and the Racef/x system for NASCAR, among others.

How Venture Capital Benefited Sportvision

- ✓ **Several rounds of funding provided the resources to establish the company as a dominant player in the industry.**
- ✓ **Funds allowed for product development, technological advancements, and marketing opportunities.**

The company also began to integrate advertising and marketing opportunities through sponsorships or by creating marketing-specific products. Finally, it expanded into the Internet and mobile markets. Recently, the company began to partner with leagues such as NASCAR and Major League Baseball to create rights deals for Web subscriptions.

Continued technological advancement is costly and, in July of 2004, Sportvision again sought capital, raising an undisclosed amount for expansion purposes, production and marketing. Today, Sportvision has numerous investors, including New World Ventures, of Evanston, and Motorola Ventures, based in Schaumburg.

New World Ventures seeks effective management and niche opportunities, both of which are heavily present in Sportvision. These investors seek large, growing markets and ingenious strategies in the companies in which they partner. In Motorola, Sportvision established a mutually beneficial relationship of technology and capital. Motorola not only seeks profitability, but a partnership in its own cutting-edge mobile technologies. As Sportvision ventures into essentially untapped markets like mobile phones and the Web, Motorola benefits by accessing these opportunities as well as reaping financial rewards. In turn, Sportvision gains exposure to technologies and access to Motorola's other partners.

What began as an operation with fewer than 10 employees has now expanded into a 60-employee company. Sportvision has employed its offerings into more than 2,000 live events since 1998, reaching viewers in more than 70 million households at times. It has partnered with top broadcasters like ESPN, USA, Turner and other major broadcast networks, and won eight Emmy Awards for its innovations. In August 2007, *Crain's Chicago Business* cited Sportvision as an ideal Chicago company for an initial public offering, reflecting its high revenues and annual growth rates and clear path to profitability.

Sportvision aims soon for a more international market and is pursuing the soccer and cricket markets, among others. With more than \$30 million in venture capital funds, Sportvision already has established itself as a leader. "Simply put, we wouldn't be in existence without VC money," says Hank Adams, the company's chief executive officer. Sportvision is in line to reach about \$25 million in revenues this year. These revenues emanate from charges to networks for use of the technologies, sponsorships and rights deals. For the past four years, the company has grown at an average rate of 33 percent each year.

Sports-loving couch potatoes can salute Sportvision for revolutionizing how they experience the teams and sports they love.

The **IVCA Private Equity Profiles**, a continuing series of portraits of Illinois venture capital and private equity investments, spotlights companies that are emerging or proven successes. Each account furnishes information about the company and the private equity firm or firms that invested in it, illuminating the important role they play in nurturing the companies.

IVCA is a non-profit trade association that serves the Midwest venture and buyout community. It focuses on expanding the size of the industry in Illinois and the Midwest by improving the local ecosystem for investors, entrepreneurs and limited partners. On behalf of its members, IVCA advocates pro-growth government policies, provides a virtual community, via www.illinoisVC.org, for deal flow and networking, and hosts educational and entrepreneurial events that offer networking opportunities for local investors, entrepreneurs, governmental stakeholders and tech-transfer groups.
