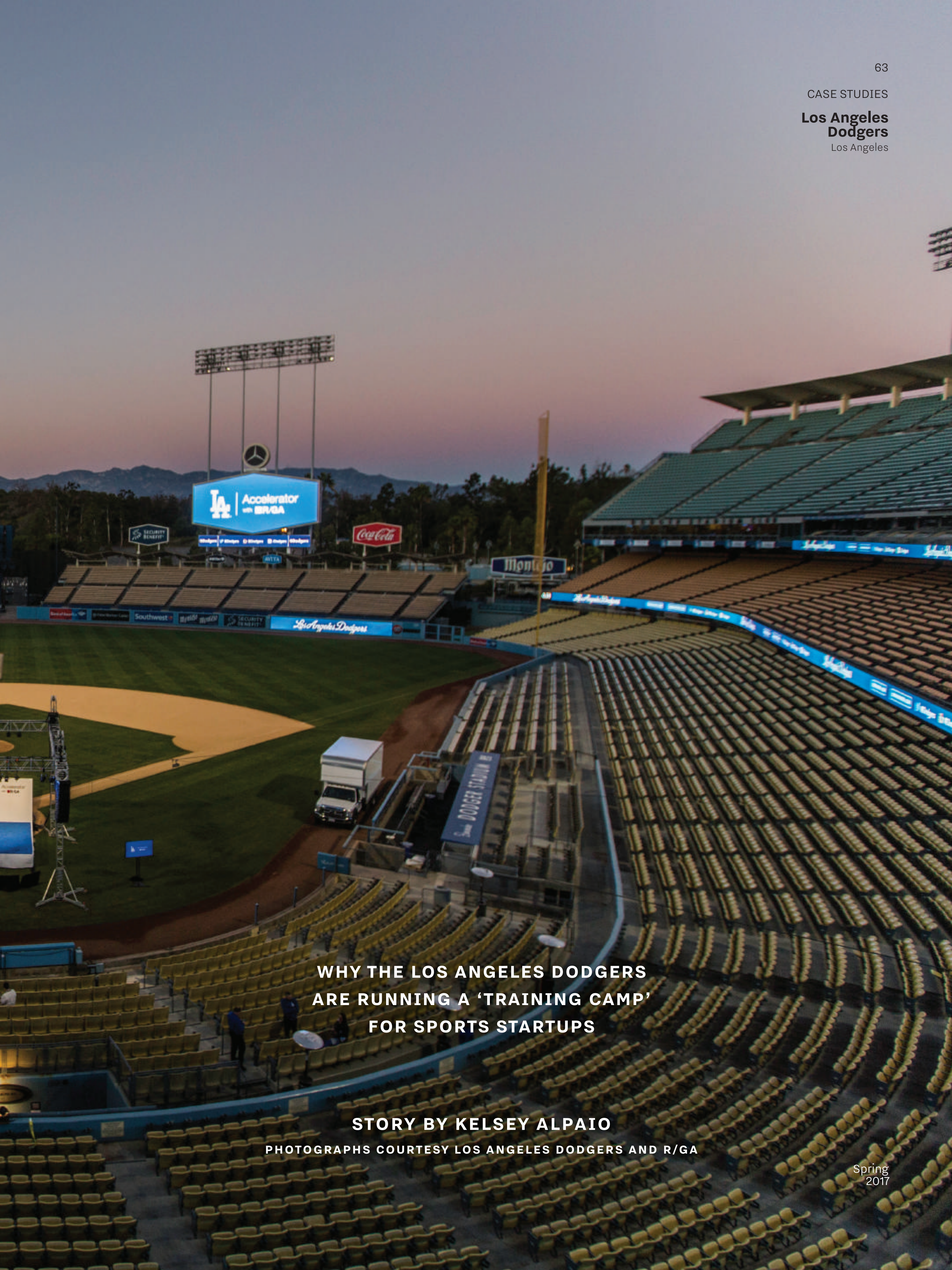
Here’s the Pitch...



WHY THE LOS ANGELES DODGERS ARE RUNNING A 'TRAINING CAMP' FOR SPORTS STARTUPS

STORY BY KELSEY ALPAIO

PHOTOGRAPHS COURTESY LOS ANGELES DODGERS AND R/GA

Pro-

fessional baseball franchises excel at scouting promising players and cultivating them in the minor leagues until they're ready for the big show. ¶ But the Los Angeles Dodgers are unique in trying to do the same thing for startups working on sports and media-related ideas. ¶ What is now known as the Dodgers Accelerator got started after the team was acquired in 2012 for $2.15 billion by the investment firm Guggenheim Partners; Magic Johnson and movie mogul Peter Guber are also part of the ownership group. Tucker Kain was one of the key players in that transaction, and now serves as CFO of the Dodgers. In the five years since the deal closed, Kain has worked to infuse a culture of innovation into the franchise, whose heritage traces back to Brooklyn in 1883. ¶ "One of the things we came upon early on in our tenure was the opportunity to drive a culture of innovation," says Kain, "and use the ever-growing and vibrant startup ecosystem in sports tech and entertainment as not only a catalyst to drive the business forward...but also use it to catalyze a broader, more dynamic thinking within the organization as we thought about our issues and our problems, and how we might be able to solve that with technology."

Tucker Kain (center), CFO of the Los Angeles Dodgers, helped create the idea for the Dodgers Accelerator.

The Dodgers Accelerator is run as a partnership with R/GA, the New York City advertising agency that has worked with companies like Google, Samsung, and Nike. The program, which this year will accept its third cohort of companies, is located in Los Angeles and lasts around 90 days. (Its home base is near Los Angeles International Airport, about a half-hour from the stadium). It concludes with a "demo day" event on the field at Dodgers Stadium, but Kain contends that it is doing more for the team than just exposing executives to a different kind of pitching.

"What we wanted to make sure that what we instilled culturally at the Dodgers was that if you have an issue that's not solved today, there's ways to think creatively, approach problems differently, and come up with better or not currently existing solutions," Kain says. "In a relatively traditional industry where the processes and systems that people use have been pretty well-established and defined, the opportunity to give people the chance to think outside that individual box was particularly valuable."

PARTNERING WITH R/GA

R/GA has been involved with accelerator programs since 2014, when it partnered with Techstars to launch one focused on "Internet of Things" startups. The firm has since launched accelerators in hospitality tech, connected commerce, and—in the case of the Dodgers Accelerator—sports tech.

"We leverage financial capital with creative capital and relationship capital," says Stephen Plumlee, R/GA's COO and Ventures Managing Director. "The financial capital piece is very common for ventures and accelerator programs. We invest small amounts into the companies, and we get equity. [By creative capital, we mean that] each startup gets hundreds of hours of time from a curated team chosen specifically for that startup. And the third component is what we call relationship capital. Our blue-chip clients come into these programs and work with the startups as mentors, advisors, and business partners."

The idea for a collaboration with the Dodgers sprang from two existing ties between the companies: Kain had served as a mentor in R/GA's Internet of Things program, and the ad agency had done data visualization work for the Dodgers.

"We both had this passion and focus on early-stage companies that were trying to innovate, create disruption, and make real change in various industries," says Kain. "We started talking about how we might be able to collaborate to bring the variety of resources that each of our organizations have into an individual program [for] early-stage companies." R/GA and the Dodgers ran the inaugural program together in 2015.

The Dodgers Accelerator workspace. The accelerator is located close to Los Angeles International Airport.

FINDING REAL PROBLEMS TO SOLVE

The Dodgers Accelerator is focused on tech startups creating products and services at the crossroads of sports, technology, and entertainment. In the first run of the program, the accelerator accepted 10 companies, carefully chosen by the Dodgers and R/GA to connect to some of the internal needs of both organizations.

"When you talk about bringing companies into the program, it really is an organization-wide effort to understand what problems these companies are trying to solve," says Kain. "What does that solution look like and how does it benefit the end users? In a lot of cases, people within our organization are the end users, and that gives us a pretty great line of sight into use cases and user stories."

Kain says it's not uncommon for the startups to form lasting partnerships with the Dodgers, post-accelerator. One startup that the Dodgers have continued to work with from the accelerator's first cohort is Kinduct, a data analytics company based in Halifax, Nova Scotia.

As Kain was recruiting startups for the first cycle of the accelerator, he was talking with colleagues at the team. "I got a call from the strength and conditioning coach of the team who had a pain point he was trying to solve, which was being able to digitally track, manage, and aggregate data on our players," he says. "This was a very clear use case and need on our side. That launched us into the process with Kinduct. We got to know the company, understood their broader vision, and realized that there was a pretty great fit for that company with what we were doing and how we could be helpful. So we brought them into the first program."

The program helped Kinduct refine its product, and eventually raise a $9 million investment round led by Intel Capital in 2016. Travis McDonough, Founder and CEO of Kinduct, says that participating in the accelerator was the "biggest and most influential business decision" that Kinduct has made as a company.

"It was a very exciting, collaborative, and

innovative atmosphere," says McDonough. "You had 10 companies, and dozens of entrepreneurs all in an open-concept office. Innovation and thought-provoking dialogue dripped from the walls... There was almost a training camp attitude. Everyone was there to learn, get better, and to try to improve... You took away so many important fundamental business principles after leaving every day of work. It really built the scaffolding for us for future successes."

McDonough says that since the accelerator, Kinduct has formed productive relationships with both the Dodgers and R/GA, and that the company has been on a solid growth trajectory.

"We probably had a dozen [professional sports] teams that we were working with [when we started the accelerator], but not in a really deeply collaborative way," says McDonough. "Since then, we've gone from probably 12 to 112 teams in the professional ranks, and it has been a steep curve ever since... Having a more public association with an organization like the Dodgers, it just bubble-wrapped us in credibility. It became a great leveraging tool to market it to other teams and organizations."

Plumlee says that R/GA has also benefited from partnerships created with some of

At the end of 90 days, participating companies give demo presentations on the field. Pictured above is the accelerator's first cohort.

the startups.

"We work with many of the startups...in our core business," says Plumlee. "We bring them into our pitches for our own clients. We've implemented some of their technologies in our own space here in New York and elsewhere. The programs usually last 90 or 100 days, and during that time, we work very intensively with the companies. Even before a program, we spend three or four months doing outreach and deciding which companies make sense to have in our programs, so we become very familiar with the companies. By the end of the program, we know them very well. We know their tech, and we know what their service and products might be, and so we have a pretty good view into where we see opportunities not only to work with us, but more importantly to work with our clients. The programs function, in a way, as extended due diligence."

DON'T FORCE THE PARTNERSHIP

When it comes to trying to spur partnerships between larger organizations and startups, Kain says you can't force it; the startup needs to genuinely address a problem that the company recognizes it has.

"[We learned that a startup has to] be hyper-focused on the problem it is solving," says Kain. "It's not hard for a bigger company to bring a new, developing technology into their businesses if it really solves a core problem they have. We kind of identified that in the process with Kinduct. We had a clear demand, clear need, and so at some point, it's less about the company or the stage...and more about 'Can they solve the problem we have?' If you can be laser-focused on what value you create and how you bring that to bear in a way that your users and customers can capture it, I think the integration piece

kind of falls from that. If it's a scenario where it's unnatural or not a great fit, but you want to try and do it because of a variety of reasons other than the core business reason, that's where I think you start running into some potential problems and having difficulties integrating and getting buy-in from people."

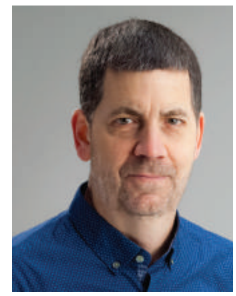
SHIFTING THE FOCUS TO LATER-STAGE STARTUPS

The second cycle of the Dodgers Accelerator concluded in November of 2016, and the Dodgers and R/GA are now working to design the third program. Kain said they were intentional about building on the learnings from the first two cohorts.

"We've continued to innovate and iterate our own model," he says. "I think that's almost as important as anything we've done—making sure that what we do is truly speaking to the market and tailored to the needs of the companies, not something that's just programmatic."

One of the major changes they made was that the second class consisted of only five later-stage companies, instead of the 10 early-stage companies that made up the first class.

"What we realized was, at the very early stage, you're competing with more traditional accelerators that do company-building and help do the programmatic steps that it takes to grow a business from an idea," says Kain. "We [now] focus on a later stage where ideas have been solidified, products have been market-tested, and scale is in process or there's a clear line of sight to it. We can bring our networks to the process in a more targeted, consolidated effort and really work on business development, pilots, and things that can really prove product-market fit and opportunity for scale."



Stephen Plumlee of R/GA

R/GA and the Dodgers put more work into carefully curating a class of startups, with an emphasis on bringing in ventures that could learn from one another.

"We chose the companies [of cohort two] specifically around an idea about sports media," says Plumlee. "Three of the five companies—Keemotion, ShotTracker, and WSC—they're all in a complementary space. Keemotion does automated video capture, ShotTracker does automated data capture, and WSC does automated highlight reels. If you look at those three together, you're thinking about potential disruption of the sports media business, with applications way beyond just sports. We're curating companies or sets of companies around very specific ideas, rather than just a randomized collection of 10 startups."

And because the latest set of five companies were a bit further along in their evolution, they weren't required to relocate to Los Angeles for the duration of the program.

"In the first program, we asked companies to move to L.A. for three months," says Kain. "In the second program, we did not do that, because they're later-stage companies that were in the process of scaling and growing. We brought our network to the companies and helped them through strategic pilots."

So far, more than 1,100 companies have applied to get into the Dodgers Accelerator, and the 15 chosen to participate have raised $21 million in funding. As far as Kain and Plumlee are concerned, those are good stats to build on in the seasons ahead. ●