

## Interview: Bob Bowman - President and CEO - MLBAM

Written by Maury Brown  
Tuesday, 01 January 2008 20:02

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At the beginning of this interview, I mention that **Bob Bowman** is the most influential person in sports that no one has heard of. If you have your finger on the pulse of sports business, that really could not be further from the truth.

Bowman was made President and Chief Executive Officer of **MLB Advanced Media (MLBAM)**, the interactive media and Internet company of Major League Baseball, in November of 2000, took an initial \$80 million investment by the 30 clubs, and in less than a decade turned it into the benchmark by which all other sports industries gauge their digital media offerings and platforms. This past year alone, MLBAM (or as it is sometimes referred to as "BAM") pulled in a staggering \$450 million in revenues. That initial investment by the owners in 2000 has now been paid off, and each club has received dividend checks of \$3 million each for the past two years. Bank of America, Goldman Sachs, First Boston and J.P. Morgan valued a possible IPO of MLBAM at between \$2-\$2.5 billion... in

2005

. There's little doubt that BAM's value is higher still in 2008.

Through it all, Bowman has been at the helm. He was voted the 29th most influential person in sports business for 2007 by the *Sports Business Journal*, up five places from his ranking in 2006. Odds seem very good that his influence will continue to climb.

The following interview covers BAM's "stealthy" nature, how baseball is the core business of MLBAM, while ventures with other clients in digital media continues to be important, how programming on MLB.TV will continue to compliment traditional television broadcasts, the lucrative StubHub deal, the "Fantasy Stats" case, his critical views on Nielsen Research's online metrics rating system, whether near real-time video game updates are coming to a Cellphone near you, and much, much more. - *Maury Brown*

(Select [Read More](#) to see the interview with Bob Bowman, President and CEO of MLB Advanced Media)

**Maury Brown for the Business of Sports Network:** You've been referred to on more than one occasion as the most influential person in sports that no one has heard of, yet MLBAM is considered a sports industry leader for digital media, and is really reaching well beyond just sports. It is, in many ways, virtually unknown of by many fans. Is BAM's stealthy nature somewhat by design?

***"It's interesting, some people here have their voicemail saying they are MLB Advanced Media. I always say I'm with MLB.com, because that's the only brand that matters."***

**Bob Bowman:** BAM's nature is stealthy by design, only because the only brand that matters is MLB.com, RedSox.com, Dodgers.com, etc. It's interesting, some people here have their voicemail saying they are MLB Advanced Media. I always say I'm with MLB.com, because that's the only brand that matters. I don't know if I answered your question, but to us there are 31 brands that matter: the 30 clubs' URLs and MLB.com. Those are the brands that promote.

**Bizball:** MLBAM has seen incredible growth, posting \$450 million in revenues this year, with the owners now receiving dividend checks now that BAM's initial investment is paid off. Did you foresee this growth, and how does the vertical and horizontal growth such as the partnerships with likes of U.S. Figure Skating, Elton John, Tiger Woods, etc. that BAM has seen factor into its

success?

**Bowman:** The more important one is the vertical, and by that I mean the Hall of Fame, Minor League Baseball— we're trying to extend and deepen our deal with Minor League Baseball, stay tuned on that —and USA Baseball and maybe even getting down to youth baseball. So to us, it's more important to focus on the vertical integration of all things baseball: professional at the major league level, professional at the minor league level and getting to amateur as well because that's where we can start to reach fans who are fans of maybe a little league team or they're fans of a collegiate team or they're fans of a player who gets drafted, then goes to the minors for two years and they further become fans of the minor league team, and ultimately they become fans of the major leagues. So, if you look at our vertical integration that is where we are more extensive, and it's far more important to us. You know, at some business level while we are trying to run this like a business the best we can, we are first and foremost about baseball and first and foremost about the 30 teams. But, baseball is broader—40 million people went to minor league baseball, that's more than goes to any other professional sport. So that's an important part of us, too. The list for vertical integration is quite extensive, has just started, and so the economics are de

minimis. If anything, in those areas and we are optimistic that they will be in place for future growth.

The horizontal is not unimportant either, and it's going to vary from client to client as to what we do, but what we do about as much as anybody—if not much more than anybody—we stream a lot of video and rely on video for either live games, on-demand video, talking heads, whatever it may be. But, to the extent that the fans like it, for those businesses that have customers like that in and out of sports, it's a natural fit.

For content publishers who are much more text based—much more two dimensional—the fit is

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probably not as good. And so music we thought was a natural fit because there's a lot of live action and a lot of video. But it turns out that was a tough one. Music is a tough industry because there are a lot of rights holders and a lot of labyrinthine negotiations involved in that. As we say in baseball, it's a long run for a short slide. And so, sports is a far better area where I think the rights are far more, if not mature, more thought through.

**Bizball:** From a vertical standpoint should we look for more online programming that compliments MLB's television offerings, such as we saw with *TBS Hot Corner* this year, and from a horizontal aspect, will BAM continue to aggressively pursue acquisitions and partnerships?

***"Nobody's going to prefer watching on their laptop to watching on TV."***

**Bowman:** Absolutely. TBS is a great partner, and FOX is too. They were both great partners in the playoffs. We would anticipate trying to do that more during the regular season, on our own, and with partners, including possibly even local RSNs. We find that people consume content based on where they are, as it relates to baseball. If they are at work, or on their way home and they want to hear about the game, we make sure we give it to them on devices they can see it. If it at home, their going to turn on TV. Fantasy fans will turn on both screens, they'll have their laptop open watching stats and watching their home team on satellite or whatever. Nobody's going to prefer watching on their laptop to watching on TV.

**Bizball:** On BAM's growth, much as you did by pulling all the club's websites under MLB.com early on, the recent 5-year partnership agreement with StubHub would seem to show that there is a push to consolidate secondary ticket sales for MLB, as opposed to seeing clubs inking individual deals. Since some clubs had already had deals in place regarding the secondary ticket market, was there reservation by any of the owners to the StubHub deal?

**Bowman:** I'm sure there were. I'm not sure I heard them, but I'm sure they were out there. You could get someone to comment on that. The online secondary rights were vested in partnership here at MLBAM, so all the deals that were out there were actually deals with us. So all we did is instead of having basically a separate deal for clubs—Ticketmaster had a deal. Tickets.com had a deal. ProTix had a separate deal —instead of having three separate secondary ticket deals with clubs where we sort of oversaw them all, we, by aggregating them got StubHub to

step up and pay a huge number.



And I think that even more important than economics, is what we have a pretty standard path to buy a primary ticket regardless if you're a Ticketmaster club, like the Yankees, or a Tickets.com club like the Cubs. The path looks almost identical. The importance of that is not everyone buys tickets for their home team. They travel, they go away, they're on vacation, they do a lot of things, and making it easy to go is really important. We sold 27 million primary tickets online last year. So, in the secondary market we wanted to try to replicate that and make it a straightforward, "one size fits all", straight line for those fans. And that's why a national deal with one secondary ticketing partner was in our interest, and the economics were overwhelming as well. But I think from a real fan point of view, they are going to find it easy to buy tickets from the secondary market. And for us, you know, we are not Hanna Montana. We don't have only one concert is in Hartford, CT where tickets are going for \$43 million dollars, or whatever it is. We have 81 home games in a city and sometimes we have two ballparks in a city too, and the ticketing people and the owners of the clubs do an unbelievable job—79.5 million in attendance—an unbelievable job getting people to buy tickets to the extent there is a vibrant, robust, legal, and easy to use secondary market in StubHub with us. We think that helps sell primary tickets. If you're stuck to sell an eight pack with the Yankees or 81 game season pack with the SF Giants, and you know there's going to be a very robust secondary market for the four games you can't go to that you can probably re-sell than your much more likely to buy a primary ticket. And so our view is having a strong and vibrant secondary market will actually pay dividends in the primary market.

**Bizball:** Are the clubs starting to get educated and now realize that the secondary ticket market is a strong revenue stream?

**Bowman:** I think we all have been getting educated together; there's no question. Anybody who puts on a live event, has understood the secondary market. Secondary market has been around since primary market has been there.

Through the internet, it has made it available to common people like you and me. Where as before, people would sneak a call through a pay booth to a broker to get a ticket. Now we go

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use eBay, or StubHub, through other places, that's what everyone does. If their trying to go to one baseball game with their family, they want to get good seats, so their going to go buy tickets. I think everyone has seen that grow. Given the importance of our fans—who's coming, who's not—the economics of the StubHub deal were certainly impressive and made clear the value to business. Equally important to our owners, we would find out who's selling who's buying, and that data list is important to us too. We're not doing ways like Facebook, we're going to start sending them targeted ads. Someone showing up buying on the secondary market purchasing \$300-\$400 dollar tickets three times a year... Maybe you ought to call that person up and see what you can do with them. You got a target rich environment with these data lists, and I think that is important with these owners. Ours is an industry where selling tickets is a vital part of what we do. It's not an afterthought, it's what we do.

Getting people to a baseball game is what we do, even online, if you go to our site, you see buy ticket links everywhere, that's why we sold 27 million last year.

**Bizball:** With the Mitchell Report being released last week on MLB.com, what, if any, actions did BAM do to prepare for what may have been the highest traffic day for MLB.com in its history?



Bowman: It was not even close. Not even close to the highest traffic day for mlb.com. The document itself is mostly a text based document. We stream 2, 2.5, sometimes 3 million videos a day. We stream more videos in a day as most sites do in a year, so our infrastructure is gargantuan because to stream video, especially live video, it takes a massive backend. The text based document, let me say this, a 400 page document which the Mitchell Report was, which is what we had up on our site, downloaded in PDF, in which 2.2 million people did. That 400 page document is probably 2 seconds maybe 3 seconds worth of video, in terms of data. It's not even comparable. And that's how straightforward it is. You know five years ago it may have been an

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interesting thing, but the traffic was up substantially, but we've had days where we had 11 million visitors during the season during a regular day, and we didn't get anywhere near that on the day of the Mitchell Report. We were in the 6 million-range which is our high for a longtime, but it's a busy time of the year, people are shopping. There is no downtime in baseball given the trades. It used to be just about the players right, but now it's about the players, managers, coaches, GMs. And there's the whole industry and again we could credit people like you, among others, but the whole industry is far more transparent to the fans and the fans love it. Fans love talking about GMs as much as they love talking about players.

**Bizball:** Regarding the CDM Fantasy case, which MLBAM and the MLBPA are involved in...

[We interviewed CDM's lead counsel Rudy Telscher in early November](#)

, and I'm wondering if you might comment on one of his statements? He said, “

The 8th Circuit decision stands for the proposition that use of player statistics in fantasy is protected under the First Amendment. MLB would be bound by the decision and could not ever relitigate it.”

**Bowman:** Categorically false.

Without getting into the subject of the case, the case can be brought into 49 other states. Last I checked, there's more court of Appeals that were never ruled on. It wouldn't be the first time the court of appeals had different opinions. Ultimately, say, Cincinnati appeals could say no we see it this way, and one that affirmed the one from Missouri say well, its that way we have a Supreme Court.

**Bizball:** Have you thought about appealing to the 2nd Circuit in New York?

**Bowman:** Yeah. This issue while we are intimately involved and while we believe the commercial exploitation of players' names in any manner is something I would argue is not protected by the First Amendment, but obviously it doesn't matter what I think, it matters what the courts think.

But this is really a P.A. (Players Association) issue. We're involved because we bought the rights from them, but this is narrowly a P.A. issue and a question that is more properly addressed to them, in terms of what their strategy is, but again I think Mr. Telscher will be the

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first to admit someone could bring a case in other states in a different court of appeals and end up in a different way. We are focusing on what we do and I think the P.A. will focus on the legal strategies and we're focusing on the business side.

**Bizball:** Does it impact the \$50 million agreement between BAM and the MLBPA in any way shape or form with the agreement in place right now?

**Bowman:** It absolutely does.

**Bizball:** Have you decided whether MLBAM will consider revisiting that agreement?

***"It seems like the first thing you do when you enter into an agreement is worry about how you're going to exit."***

**Bowman:** We have to look at it. We are partners with the P.A. We like the partnership with the P.A. We manage their site.

If you put aside the economics, which have been favorable for everybody, it has been an important and a good relationship. One that we want to build on and that is why we did the deal initially is that we thought we should be partners with them and that the players individually and collectively, we should help them; part of that vertical integration we talked about before. So, we're their partners, but that does not mean that partners don't build in safeguards in case things happen. It seems like the first thing you do when you enter into an agreement is worry about how you're going to exit.

**Bizball:** In 2009 we will see the launch of the *MLB Network*, which at this time will be the largest cable channel launch in history. How do you and BAM fit into the equation? As one



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example, I understand that a \$500,000 production truck was recently purchased by BAM that might be leveraged for the *MLB Network* as well.

**Bowman:** I think it's too early to tell. I think at best there can be some back end overlap, that obviously would be best to do. From an editorial point of view, it's a very different business, programming an internet portal like ours versus programming a cable channel. I believe that those who are trying to integrate everything up and down technologically; I'm not sure that's the best thing for the fan. I wouldn't mind a pro side of things to serve the fan best by having someone worry about the editorial side of the cable and not worry about what's happening on the internet, and vice versa. It may be the same fan at different time of the day, it could be a different fan completely that never crossed over. I think you've got to be pretty laser focused on your business and your fan. I think a lot can be said about an overlap editorially, although I don't think it's true. I think as a backend basis in terms of getting content, that is something that ends up getting sliced and diced and something to be examined in the future. From management business, and managing editorial, I would land on a different side of that equation.



**MLB.TV**

**Bizball:** One of the more technologically vexing issues BAM has had to address is how MLB's complex television territories. In 2009 with the launch on the *MLB Network*, the TV territories will garner further focus. With the overlapping aspects of the territories, and other complexities, how is BAM approaching this matter as it pertains to MLB.TV and the continued emergence of video streaming by way of smartphone technology?

**Bowman:** A few things. First, you are right in that the issue is an intriguing one. So it is an interesting issue. Second of all, this is an issue that Bob DuPuy raised two to three years ago. In terms of should these territories, which we had in place for sometime be revisited, not just because there is a new technology, though that would be one reason, but because they have

been in place for a long time – should they be revisited – the world has changed, let's take a look at them again, and I think he is. And the answer to a third point, I would make is clearly, we are the tail on that dog. There are far bigger issues there in terms of territories: local rights, national rights, satellite rights, the outer market satellite package and cable package, national TV rights. There's a myriad of rights holder that are in front and center on that issue that Bob has raised as an issue to examine, and we are clearly a market taker. Whatever Bob and the commissioner ultimately decide should or should not be done, you know BAM is the recipient. We are not at that table. We get told what's going to happen. It is more important in terms of managing the local rights and the national rights than what BAM' rights are.

**Bizball:** I know that you have been a critic of the Nielsen Media's online rating system. For those that do not understand it, could you maybe touch on your position on it and BAM's position on it?

***"You are being generous calling it a 'rating'. I call it a shot in the dark."***

**Bowman:** You are being generous calling it a "rating". I call it a shot in the dark. My position on it is BAM's position and is very simple: that a survey of folks doesn't work if your site is heavily used during the working hours, as our site is. The reason why, is that people behave differently at work if they think their being watched or monitored. That is why the best companies in the world, Proctor & Gamble, Johnson & Johnson, General Mills, any political candidate – the smartest marketing people in the world – do not survey at work. They only survey at home. So if you are going to run a survey, as Nielsen does for TV, do it at home. People are honest at home, people say I'm watching *Dancing With the Stars*. They'll openly say that. You're going to call someone at work, or monitor their machine at work, they are going to go to Yahoo, AOL, MSN, because those are the safe sites. They are not going to go to MLB.com, TNT.com, NFL.com; they are just not going to go. But, people do. We know fully well people go. So the survey just doesn't work if you are a network site as we are.

There's a really simple way to do it: look at our logs. Come in and we'll show you our logs, come in and examine our logs. But they are very leery of that because they haven't built a business model around examining logs.

We're talking to the Audit Bureau of Circulations, which does that for a living for periodicals, and

starting to do that for the internet. So we'll see where that goes, we may end up employing them to do that for us for three months on a trial basis, and see what we can do. We can't just go out there on our own because ad agencies and clients themselves listen to Nielsen. They are, if you will, the standard bearer. They are just wrong.

**Bizball:** Has it impacted BAM...

**Bowman:** No question.

**Bizball:**.. in terms of getting advertisers?

**Bowman:** I mean, once someone comes in, no. But you don't get the call. But if you're an agency and you're trying to find a place to put some million dollars with a client, you look at Nielsen and mlb.com had 17 million uniques that month, well that puts us smack dab in the middle of where ever... 93rd... 49th... whatever the number is. When in fact, if we had 62 million uniques that puts us 7th and it's a totally different site and so again once somebody calls up and starts entering a conversation about what we are, they trust our log files.. They know exactly what we are doing. You never know what you don't know and so if you never get the call. And there's no question, we don't get calls because of the dramatic under reporting.

**Bizball:** Finally, what type of innovations should we look for in the future from BAM?

***"The thing we're working on right now is near real-time highlights on a cell device."***

**Bowman:** The thing we're working on right now is near real-time highlights on a cell device. I don't think it's penetrated [the market]. I don't think consumers are watching a lot of live video on their phone. On the other hand, instead of a text alert, if I got a video alert that Alex Rodriguez hit a home run that might be pretty cool. I'd be showing that to all my friends around the table. That's what we're working on. It can't come after the 7th inning or the 9th inning... it can't be a recap, because everyone will know the score of the game. It has to be current, and

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timely. If it's not timely, it's not relevant. The trick is getting a highlight in, cut, clipped, distributed and out to phones on a basis that is still relevant.

**Bizball:** Have you considered leveraging some of the online services? You had the deal with Joost and obviously YouTube is out there. Have you considered any secure methods or would it be strictly proprietary through mlb.com?

**Bowman:** The wireless would obviously be with the carrier, but in terms of the wired world, the PC world, we did an experiment with Joost for the postseason. So much as economic activity is so important to our site and whether you're buying tickets, buying merchandise and obviously that is not unimportant either. We are still in the mode of we would like most of this occurring on our site. And we are still working on building our brand which is very important to us, we're only 7 years old, so I think right now that's where we are headed. All that could change, at some point it might make some sense to experiment like we did in the postseason with Joost.

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- Interview conducted by Maury Brown on 12/20/07
- Transcribed by Business of Sports Network interns **Nick Kappel** and **Christopher**

### **Mitchell**

- Edited by Maury Brown
- Brown gives thanks to Kappel and Mitchell for helping turn around the interview in short order
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