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SportsMedia raises money to grow

Emmy-winning SportsMedia Technology, the Durham company that provides data and on-screen graphics for televised sporting events, has raised \$12.5 million for expansion.

The privately held company has been profitable since its inception 20 years ago and has been posting double-digit annual revenue growth - including a 20 percent jump last year. But founder and CEO Gerard J. Hall decided that the company could expand even faster with its first-ever infusion of outside capital.

"A lot of companies that seek funding are in distress," Hall said. "Not us. We are 180 degrees in the other direction. ... It's a strategic move."

The capital, which is being announced today, comes from Vicente Capital Partners, a Los Angeles private equity firm. Vicente is receiving a minority ownership stake in the business. Hall, who had owned 100 percent of the business, will continue as CEO.

"We see this company as having a lot of potential beyond sports," said Jay Ferguson, managing partner at Vicente. "This company could have an impact in a lot of different industries."

Vicente specializes in investing in companies with annual revenue ranging between \$5 million and \$25 million that show promise of reaching \$100 million-plus, Ferguson said. SportsMedia discloses only its revenue growth data, not specific numbers.

Ferguson's homework, or "due diligence," on SportsMedia included talking to a dozen or so of the company's customers. All spoke well of the company's technology and its service, he said. The company's technology has also earned it 17 Emmys.

The challenge going forward, he said, is for Hall and his management team to continue to execute well as the company scales up.

To reach its potential, SportsMedia will first expand its staff. The 72-employee company expects to add about 14 by the end of this year and 17 next year.

"We're looking for high-end [software] engineers," Hall said.

SportsMedia's focus has been to make televised sports more entertaining and informative through data and graphics that are shown on-screen. In addition, game statistics supplied by employees from the sidelines are fed through the company's software to provide a running total of, for example, passes attempted and completed, as well as integrating those results with historical data.

Its products include "augmented reality," such as inserting a yellow line on a football field to delineate the first-down mark.

A new product debuting on NBC Sunday Night Football is Sunday Night Vision, which can be used on

replays to highlight the on-field action by blacking out the field - but not the yard markers - around the players.

"It's a very compelling visual display," Hall said.

The company's data and graphics have been used by CBS Sports for its NCAA Tournament broadcasts for more than a dozen years. Its products are also used by Turner Sports for its NBA games, by ESPN for NASCAR races and X games, and by a host of regional networks that televise the New York Yankees, Boston Red Sox and other teams.

The initial impetus for seeking funding, Hall said, is that his ideas for new products outpaced his resources. But as he got further into fundraising, he also recognized that the company should be tapping other markets.

Geographically, that means pushing into foreign countries, notably in Europe and the Far East.

"We have really not done anything international to date," he said.

Hall also envisions adapting the company's technology to other sectors - such as entertainment, education, medical, retail and government. For instance, why couldn't surgeons use the company's technology to superimpose a patient's CAT scan images on video monitors in the operating room?

The company's GOTO Board (Giant On-Air Talent Operated Board), a large touch-screen television that announcers can use to stop and pause video and drag-and-drop statistics, has already gone beyond the sports arena.

It's being used by the VJs on the BET channel's "106 & Park" music video show. With a nod to the iPhone, the VJs can make the image vertical or horizontal as they wish.

"Anything that requires the real-time processing of live data" could benefit from the company's technology, Ferguson said.

"From that standpoint, SportsMedia has only begun to scratch the surface of what its potential is."

So how can the company effectively market itself to other industries with a name like SportsMedia Technologies?

"We're going through a re-branding and logo freshening," Hall said, "which may or may not include a name change."

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