

Sachin Sashti - Mental Framework around NIL + What Makes a Successful Agency

Preface

- To start, before any market outlook or research analysis, below are my initial thoughts on the NIL market as a whole. Prefacing this paper with my thoughts about how I see NIL developing and where it is going will be stated below:
- Additionally, this is what will be reviewed in this analysis:
 - how much industry is valued at currently
 - Valuation projections in 3 years, Valuation projection in 5 years
 - TIL, SAM, SOM
 - Total addressable Market + visualization
 - Selected addressable market + visualization
 - Serviceable addressable market + visualization
 - financially how to make a sustained monthly cash flow beyond just brand deals for athletes
 - financially how to make a sustained monthly cash flow beyond just brand deals for Agencies
- First and arguably most importantly - **NIL is not just about on-the-field play** -
 1. Companies back athletes to increase brand recognition/ marketing efforts, generally. Consumers in this age care ALOT about values, mission, etc.
 - a. Supporting athletes that have high moral standing + off-the-field success, achievements, and persona is critical for brands
 2. Generally, it is very rare for college athletes to make the pros -

- a. NIL should be heavily predicated on setting up the athlete for success
 - b. Building a community where athletes can seek financial and career advice
 - c. Have the NIL agency centered less around the monetary aspect and more on longevity, creating an environment where athletes are “people first”.
- NIL is part of a bigger global theme
 - Web3, blockchain, crypto, NFTs, etc. are all sociological themes based around decentralization of power that are starting to gain a lot more traction from the public
 - The point here
 - NIL = taking control and power away from NCAA, giving it to players, and allowing players to take control/ ownership of their brand - a more Decentralized model, with less emphasis on big corporations, more individual emphasis
 - This heavily mirrors phenomena within the Defi, blockchain space
 - Public doesn't like big corporations, feel cheated -> People want more power and have less trust in authority -> models become decentralized -> people have more control
 - Same thing with web3
 - Web1 - static pages -> Web2 -> Dynamic pages (social media) -> Web 3 -> owning content on pages, not the massive companies owning the data
 - Although the above phenomena are not directly connected with NIL, I think studying/ understanding the sociology of why/ what people will do in response to

losing trust in authority and craving for decentralized autonomous systems is extremely important to predict the future of NIL as an industry

- BTC with all-time high in the past week(68k+) and ETH hitting 52 week highs(3.7k+) showing current public favor towards everything mentioned above
 - Action question - how can we leverage current data about ownership/ decentralization to predict future trends within NIL? (or world at large potentially)?

What makes an agency successful in NIL?

- Moving onto to analysis at a slightly more micro level
 - NIL Agency analogous to Real estate agent
 - Homeowners could find home by themself
 - An agent provides knowledge, connections, negotiating, etc...
 - Both parties gain
 - What are some keystones of making an attractive NIL Agency
 - Not that much different than any org that is both social + professional.
 - Being able to create an agency with a good alumni network(hard right now)
 - Professional, and social resources
 - Work hard/ play hard community
 - Prioritizing people over metrics
 - Keeping good reputation

- The ability to offer “special” or unique opportunities is also great. Being from PSU is a strength, might be able to leverage connections/ large alumni to create attractive opportunities for athletes.

What makes an athlete successful in the space of NIL?

- Personal Branding - creating a story/ brand around what you represent and who you are
 - Athletes not likely fit at every company, find a niche, cater your image to the niche, and be the best in the niche.
- The obvious - Being unreal at your sport
 - Not common at all - mostly football, some bbal and then only top of top in other sports
 - Actions to become an attractive NIL player to companies
 - Be active and generate social media following - a great way to show results and numbers-oriented viewership and engagement
 - Look toward local opportunities
 - Getting a sandwich named after you at the local shop, or your image on a local downtown shop, is a good way to start when thinking about NIL
 - This could also include pro bono activities - hosting a free or steeply discounted camp for your sport at a local middle school
 - Things like this show high morality as well as gain followers/ viewership.
 - Respective to state - some states allow for highschool NIL

- Don't need to be crazy, but any exposure/ experience within the NIL world before college can be extremely helpful

- Broad takeaways -
 - NIL is about power to athletes
 - NIL, being so new, changes everyday and is volatile - speaks to the importance of keeping up with news.
- Here I have run through my perspective on -
 - Thoughts on what makes NIL special/ macro-environmental influences
 - What makes a good Agency
 - What makes an attractive athlete

1. Market Outlook in 0, 3, and 5 Years (aggregated data from sources - opendorse, on3, FOS)

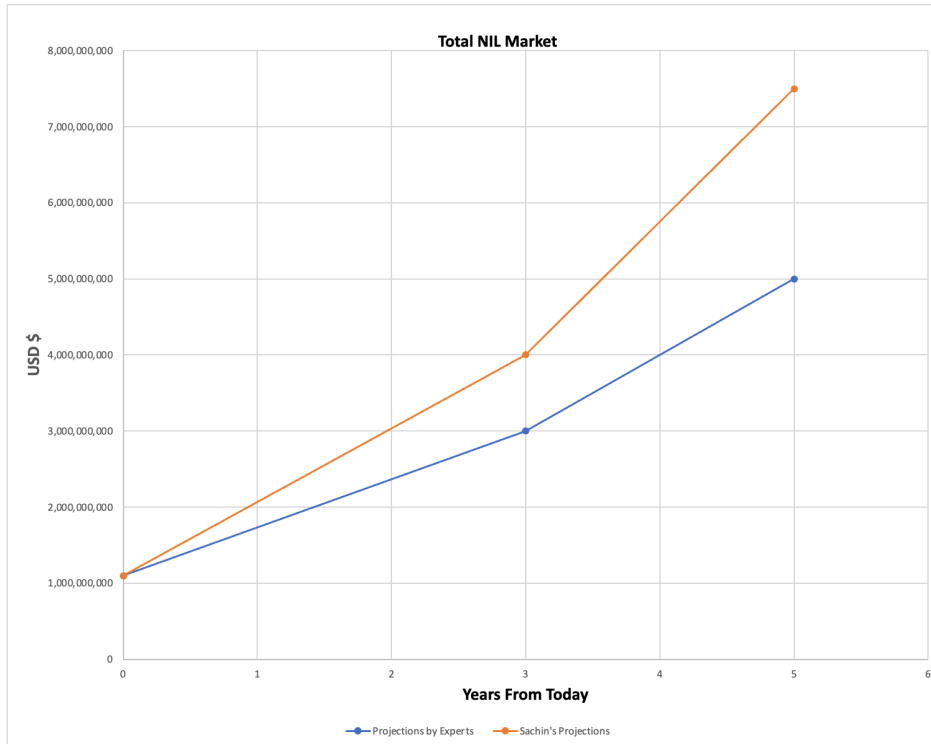
- Experts -
 - Today - 1.1B
 - 3 years - 2B - 4B
 - 5 years - 3B - 5B
- My projections
 - Today - 1.1B
 - 3 years - 3B - 5B (slightly higher)

- 5 years - 5B - 8B (significantly higher)
- Reasons why my value is higher
 - Such a new introduction leaves lots of room for innovation - a potential structure I see arising in NIL
 - Players function like stocks
 1. A player chooses when to sell “shares” of their value, could be as early as highschool.
 2. People, collectives, etc. could invest with money or info
 3. As players get better, price/share rises
 4. Problem - retiring - shareholders would have to be promised something in exchange for the stocks when the player retires - (percent of lifetime earnings, autographs, meetup, etc.)
 5. Would function a bit like sports betting
 6. Funds could be made, with schools, highschools, or player groups(i.e. Shorting running backs as a position, fund would aggregate values of all RBs)
 - This is just one example of how I think NIL will break its way into the the public sector.
- If NIL does make its way into public backing, the market will balloon, very high.
 - This also introduces a whole potential industry of player scouting, dashboards and data visualizers, a whole player updating market, apps, etc.?
- Another Quick example -

- Not sure of your level of knowledge or comfort with NFT's
 - Players could tokenize things such as “the opportunity to meet them”
 - Then the public could buy these for one of two reasons
 1. To actually meet the player
 2. Use as an investment - keep until player becomes much better - then sell later. IPO price set by athlete, market price thereafter
 - Another way to bring public money into the space.

Numbers for graph -

Years from today	Projections
0	Exp - 1.1, sachin - 1.1B
3	Exp - 3B, Sachin - 4B
5	Exp - 5B, sachin - 7.5B



TAM, SAM, SOM

- Tam
 - Simliar to that 1.1B number - If we were to get every single player to sign with Go Time
- SAM
 - What is the “niche” or sector of the market we are aiming our focus at.
 - With my research into Go Time LLC as well as where the money lies in the market I have come up with the following conclusions
 - Go Time -
 - Not in the space to sign huge players and household names
 - More likely to sign athletes outside of football and basketball

- Looking toward competitive athletes who have a persona off the field
 - Gender doesn't really matter
 - Look to find a spot in terms of sports - don't try to be in every sport - attractive part of an agency might be deep connections in one sport and athletes choose to join because you have a "basis" in their sport
- Where market Market Value lies
 - Football aside - Womens sports get more deals than mens sports
 - Generally I think females do a better job curating social media to showcase lifestyle/personality
 - Female Gymnasts - make 7k per average deal, potential value spot in market
 - Although gender doesn't really matter, I feel female sports presents better average value/ return, though probably not as much upside as males
 - Within D II Mens Football and Bball still dominate the sport ~66% of all deals
 - Total NIL activities - Football ~30%
- Takeaways
 - Go Time should look towards signing athletes with an off the field reputation, potentially skewing toward female athletes, because of

grater perceived value. Potentially look towards women T&F, Volleyball, and Gymnastics.

- Let's say Go Time looks towards Gymnastics + T&F as areas to invest in

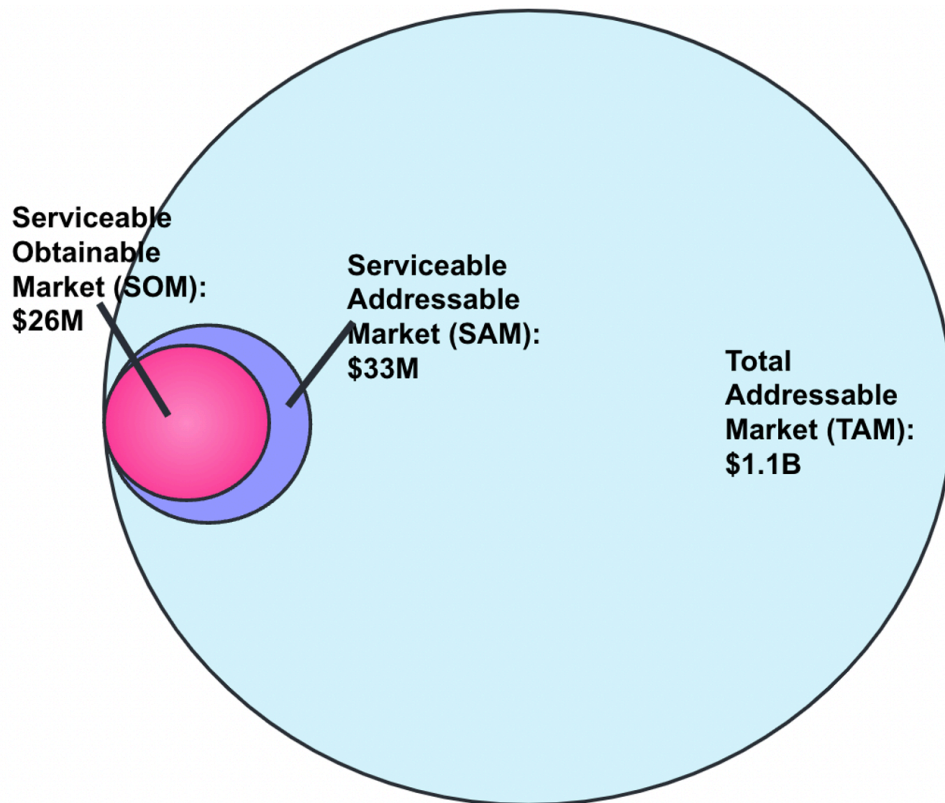
- Calculating the Serviceable Addressable Market

- Where our strengths lie and what part of the total market our business(Go Time) looks to invest in
- Womens gymnastics + T&F make up ~ 3 percent of market
 - $.03 * 1.1B = 33M$
 - SAM ~ 33M

- Calculating the Serviceable Obtainable Market

- Realistic portion of the market that is available to us now
 - Research is hard to do with NIL because of the private nature of the deals
 - Most female athletes receive NIL compensation through brand deals
 - Social media is very important - I used social media followers as an estimate to calculate NIL total value/ player
 - According to my research
 - Each follower worth ~25 cents
 - With this estimate the top 20 gymnasts bring in ~ 5,108,250 - with the #1 being 3.5M

- According to me estimates top 20 earners in W T&F bring in abt 1.1M
 - In terms of gymnastics -
 - $33M - 5,108,250 \sim 27.5M - 1.1M+ \sim 26M$
 - With this info our SOM = 26M, which seems pretty high
 - How SOM was calculated
 - TAM - everything but W Gymanstics + W T&F = SAM
 - SAM - top 20 performers in each category = SOM
- This method can be expanded to almost any group of players - the larger the subset of players, the more top performers will need to be taken off (works on a percentage basis)



Financially how to make sustained monthly cash flow, not just from brand deals, for athletes

- My research shows that females predominantly receive money from brand deals.

So this is a difficult question.

- How to make money other than brand deals
 - Social media should be a catalyst for the brand deals in the first place
 - Use monetized Social media engagement to be consistently make money
- Local events - Host clinics or other events, even one on one personalized training sessions a couple times a month
 - Great way to do a couple things
 - Bring in capital(obviously)
 - Promote any brand you are currently working with
 - Show other brands that you are engaged with community
 - Develop a social media personality
- If possible, Make a personal brand,
 - Set up merchandise with a slogan/ tag line relating to name/ style of play.
Invest a bit in design and marketing(could be your social media)
- Network -
 - This one pertains less to directly accruing capital

- Spend time getting to know or reach out to influential people in your space.
 - Build connections to be able to, in the future, find more opportunity
 - Problems - don't become strictly transactional
- Potentially in the future sell assets in the form of personal time, training session, meetup, 30 minute call, able to tokenize these things and market them as investments
 - Not very sustainable, more of a “one off” way to get capital

As an agency how to build sustainable capital outside of brand deals

- The way I envision agencies main cash flow is through commissions
 - Player signs NIL deal -> agency gets a cut
 - Everything mentioned above, in the section pertaining to the makings of a good athlete, applies to agencies as well, but a higher level
- What that higher level looks like
 - Investing in building relationships with companies to attract players could be huge
 - Even less quantitative measures - Building a culture within the agency that athletes want to be a part of

- Invest into scouting players early in their career, as early as highschool
 - Players in the future will likely find ways to leverage public money, not just brand/ donors. So finding players before the public will allow for greater returns
- Be a force within the NIL world
 - This one sounds more simple, be active and be a voice within the world of college athletics, not only to garner attention/ money, but also to have insights into future trends and thoughts of peers

Works Cited

Sources

Info about Gymnastics follower count and NIL money -

<https://www.on3.com/nil/rankings/player/college/gymnastics/>

Data about W T&F follower count an NIL value

<https://www.on3.com/nil/rankings/player/college/womens-track/>

Data about NIL market size -

<https://frontofficesports.com/led-by-collectives-year-3-of-nil-to-reach-1-17b-market/>

Data about NIL market size and market share per sport -

<https://www.cnbc.com/2022/10/15/that-nike-bronny-james-nil-deal-was-a-big-deal-for-women-too.html>

Data on groups within NIL(football, female athletics, etc.) and NIL market size

<https://www.nbcnewyork.com/news/sports/one-year-of-nil-how-much-have-athletes-made/3765040/>

Data about CBB teams, # of players, average roster - <https://scholarshipstats.com/basketball>

Data about College Football, # of players, average roster, teams -

<https://scholarshipstats.com/football>

Data about total NIL market size and NIL trends with companies, players,

orgs<https://finance.yahoo.com/news/nil-heres-how-much-ncaa-athletes-earned-185901941.html>

Data about football, all levels -

<https://footballfoundation.org/news/2023/7/25/football-by-the-numbers.aspx>

Top earners in men's CBB

<https://www.on3.com/nil/news/top-10-mens-college-basketball-on3-nil-valuations-2023-season-bronny-james-armando-bacot/>