Facebook Sports

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Introduction

  In sports, where, when, and by whom you are initially discovered are disproportionately important to your future as a sports professional. Our mission is to help emerging athletes become more effective in connecting to those people and business that make their business the discovery of new sports entertainment talent.

  Facebook Sports has the goal of becoming the leading interactive publisher of sports content related to the recruitment and sponsorship of emerging athletes. Facebook Sports is anchored by a website which enables promising athletes to create their own individual sports profiles. The profiles contain key performance statistics, physical measurements and other information which bring efficiency to the search and discovery process for uncovering new talent for scouts, sponsors, marketers, agents and recruiters. Eventually, Facebook Sports will also include a mobile compliment that will allow the audience to connect with the offering through cell phones. How?

  Facebook Sports will solve several major problems in the way that emerging athletes, recruiters, marketing professionals and fans interact with each other. The current process by which rising athletes are discovered by sponsors and their performance tracked by recruiters, is inefficient. This is partially because the current method is rife with human error and constrained by geography. Facebook Sports' strategy is rooted in the concept that information on emerging athletes should be elegantly formatted, consistent, and easy to find. Facebook Sports will deliver categorically-defined, high value information to its audience that solves these problems for all relevant parties.

Facebook's History

The Facebook is a social networking site that allows users to create their own virtual profile for the world to see. Users express themselves by putting up their picture, giving basic biographical information, and writing down their interests. Once a user has created their own page, they can interact with other members by visiting their pages and "friending" them. Adding someone as a friend gives a user access to that person's profile and enables them to interact with them using a variety of applications. The following are some of the most common applications available to Facebook members.

- Photos - This application allows users to post an infinite amount of photos and organize them into virtual "albums." After posting these pictures, users can "tag" their friends in the photograph by clicking the area of the picture where the person is and identifying the person. After someone is tagged in a picture, it will show up on their list of photos.

- Groups – The groups application allows users to create pages dedicated to any interest or cause. They can be public and open to all Facebook members or invitation only. Groups vary from well-organized political campaign pages with hundreds of thousands of members to simple pages about inside jokes with only a few members

- Events – The events application is similar to a group application in their size, purpose, and that they can be public or private. The main difference in the events application is that they are meant for inviting people to a specific gathering and expire immediatly after the event has taken place.

- Notes - The notes application is essentially a virtual diary where users can post their thoughts for private use or to share with the entire community.

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- Marketplace – The Marketplace application allows users to post items for sale or announce housing for rent. This feature is similar to features on Craigslist and eBay and is free of charge.

These are just a few of the over 20,000 applications available to users. Recently, Facebook opened up its site to software developers allowing them to create their own applications for all members of the site to use. This has opened the door to new creativity and expansion of the site with numerous developers creating an average of 140 applications a day. [1]

The genius of the Facebook site is its ability to leverage the large database of information created when users make their own profile. The site can "guess" whether a user knows other users it has not connected with yet based off geographical location, schools attended, and friend networks. Also, it can advertise by targeting a specific population based on numerous criteria. An advertiser can choose to put up ads only in certain cities, certain schools, or on pages of people who have specific interests.

Facebook was founded in 2004 by a Harvard undergraduate named Mark Zuckerberg. The site was limited to Harvard students in its first month but quickly expanded in response to growing popularity. By the end of 2005, the site had expanded to over 2,000 colleges and 25,000 high schools.[2]

As the company grew faster than they could handle, Zuckerberg and his cofounders turned to outside investors to fund the sites expansion. The first of these funds came from a relatively small investment of $500,000 by Peter Theil, one of the founders of PayPal. While small, this investment was enough to sustain the site for a year until venture capital firms began

[1] Facebook Statistics. Facebook. Accessed 3/25/2008. http://www.facebook.com/press/info.php?statistics
[2] Sakuma, Paul (2007-06-17). The Future of Facebook. Time. Retrieved on 2008-03-05

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to bet on the social networking phenomenon.[3] In 2005 Accel Partners was the first venture capital firm to buy a stake in the company with a $13 million cash investment. This was soon followed by $25 million from Greylock Partners and Meritech Capital partners.[4] These investments gave the company sufficient cash to operate and expand the site.

After months of rumors that Zuckerberg had been meeting with Microsoft CEO Bill Gates to negotiate the sale of Facebook to the software giant, Microsoft announced in October 2007 that it had invested $240 million in Facebook for a 1.6% share in the company. This investment effectively valued Facebook at $15 billion, a shockingly high price based on the company's estimate that it would make a profit up to $150 million in 2007. This valuation is nearly ten times the market value of Google in terms of earnings.[5] Investing so much for such a small stake in a company with relatively small earnings is a big risk, and many question whether Microsoft will ever see a return on the investment. However, Microsoft and the venture capitalists that put money into Facebook earlier in its development are not thoughtless investors, they see potential in the site and expect to profit from it.

Today, Facebook is a site with over 70 million active users and is the 2nd most trafficked social networking site in the world. Their core market continues to be college students with the company maintaining 85% market share of four year universities.

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[3] Accel Partners Invest in Facebook.com. Accel Accessed 5/1/2008 http://www.accel.com/news/news_one_up.php?news_id=1

[4] Teller, Sam. "Investors Add $25M to Facebook's Coffers", The Harvard Crimson, 2006-04-25. Retrieved on 2008-03-08. Archived from the original on 2006-04-25.

[5]Greene, Jay. Microsoft and Facebook Hook Up. Business Week Online. Accessed 5/1/2008 http://www.businessweek.com/technology/content/oct2007/tc20071024_654439.htm

<u>Why Facebook Needs to do something New</u>

While Facebook is one of the most successful sites on the internet in terms of popularity and traffic, there are questions surrounding its ability to be successful as a business. While full financial statements are not available for the company, the company announced $150 million in revenue for 2007 and expects that number to more than double for 2008. The CEO projects that 2008 revenues will be in the ballpark of $350 million and earnings before interest, taxes, depreciation, and amortization will be approximately $50 million.[6] While $50 million in it self is a large number, it is relatively small compared to the $400 million the company has received from outside investment in the last several years.

To add further damage to that $50 million EBITDA figure, Zuckerberg also announced that the company expects to spend $200 million on capital expenditures, primarily server space. This brings the company's projected net cash flow for 2008 to negative $150 million.[7] If the site continues these trends, it will quickly burn through its remaining cash on hand. This has been a problem for many social networks as even the ones who have succeeded in gaining subscribers struggle to make profits.[8] This problem appears to be due to the fact that advertising revenues have not been as good as expected. Google, the number one online advertiser, announced that its advertising deal with MySpace, the number one social network, has not been as profitable as expected.[9] If these two companies, the most successful in their respective industries, cannot make big profits on advertising, it is hard to say whether any social networking sites can.

[6] McCarthy, Caroline. Report: Facebook Raises '08 revenue projection. CNET News. Feb 1 2008. http://www.news.com/8301-13577_3-9862792-36.html
[7] Schonfeld, Erick. Facebook Finances Leaked. Tech Crunch. Jan 31 2008. http://www.techcrunch.com/2008/01/31/facebook-finances-leaked/
[8] Kelleher, Kevin. Social Networks Grow Up: Myspace and friends need to make money and fast. Wired. Apr 2008 Vol. 16 Issue 4, p123
[9] McCarthy, Caroline. Report: Facebook Raises '08 revenue projection. CNET News. Feb 1 2008. http://www.news.com/8301-13577_3-9862792-36.html

This is why Facebook Sports will be the perfect addition to the company's product offerings. It combines a relatively untouched market with new revenue streams. Subscription fees from recruiters and sponsors will supplement traditional banner advertising. Not only will the new product offering bring in new revenue streams, it will improve on the existing banner advertising model. The ability for advertisers to target only athletes that play a certain sport or who live in a certain geographical area will make each impression more effective at reaching target audiences. With increased effectiveness, Facebook Sports will be able to charge more per impression than other sites, giving it a unique competitive advantage.

Why Sports

The sports world is one that is continuously growing online. While some assume that sports fans are techno phobic and would rather get their sports media from traditional means, this is simply not the case. The reports show that the online sport demographic is one that is growing at a very fast rate. Not only is the population growing, but it is also one that is particularly appealing to marketers. The people watching sports online are typically people with large disposable incomes.[10]

While many of the demands of online sports enthusiasts such as fantasy leagues and online viewing of games have been commoditized by giants such as Yahoo and CBS sports line, sports social networking is still and underserved market. The section on Facebook Sports' competition will address exactly how this market is being underserved.

Not only is the online sports market one that is underserved and growing at a very fast rate, it is also one that fits with Facebook's current expansion strategy. This strategy is heavily focused on international expansion. The CEO has already shown his dedication to international expansion in describing the purpose of bringing Sheryl Sandberg on as COO. Sandberg, a former Google executive is charged with managing Facebook through its expansion and facing challenges from expanding overseas.[11]

In the last decade, America has seen an increase in foreign professional athletes due to the opening of markets and globalization. Citizens of countries around the world have adopted sports that were once uniquely American such as baseball, basketball, and American football. Children in these countries are growing up on "American" sports and have dreams of playing in the NFL

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[10] Knight, Kristina. Should Advertisers target online sports viewers? BizReport. Oct 19 2007.
http://www.bizreport.com/2007/10/should_advertisers_target_online_sports_viewers.html
[11] Zuckerberg on Facebook's Future. Business Week Online. Apr 3 2008.

and NBA just like Americans. With a talent pool many times larger outside the U.S. than inside, it is likely that more professional athletes will be foreign born. Unfortunately for these children and sponsors, this talent in remote areas of the world is hard to identify. Only a few of the best are recognized and invited to the United States to play and be sponsored. Facebook Sports will level the playing field by allowing users around the world to sign up and create their own profiles. Facebook will benefit from this by increasing its subscription numbers and gain a foothold in dozens of countries.

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Product Offering

Facebook Sports will be a website independent of the original Facebook site. It will have its own domain and design specifically tailored for athletes and recruiters alike. When an athlete joins the site, he or she creates a profile that summarizes their athletic accomplishments. There is little to no room for self-expression. The goal is it to express just enough of your personality so that recruiters and marketers can get a sense of your appeal to a variety of audiences. Your profile helps you find and be found by recruiters, former teammates, and sponsors. You can add to your network by inviting friends and teammates to join Facebook Sports and connect to you.

Each Facebook Sports profile will have a structure very similar to those on Facebook.com, with additional features similar to those found in the professional networking site LinkedIn, but with an athletic focus. While there are other sites that allow athletes to create a profile and express themselves, Facebook Sports will differentiate itself by the individual's sports-related measurements, statistics, and achievements. The profiles are designed to display the athlete's performance and character for assessment by sports industry professionals (*See Figure 1*).

Through Facebook Sports

Athletes can:
- Be discovered by potential sponsors, coaches, and recruiters
- Track their development over time.
- Spark healthy competition by comparing themselves to friends and teammates.
- Search for potential teammates.

Sponsors can:

- Link to up-and-coming talent that fits their marketing goals quicker than ever before.
- Find the athletes to endorse for major marketing campaigns.
- Donate their products or services to young athletes to increase positive public relations.

Recruiters can:

- Search and discover new talent before their competitors.
- Compare and contrast athletes with consistent metrics.
- Save thousands in recruiting expenses by using their funds more efficiently.

Value Proposition

The individual profiles enable the athletes to present themselves to more interested parties than ever before. Promising athletes can present a clean, professional image to the world as it relates to sports. No longer will serious athletes need to supplement their existing social network profiles to communicate their athletic exploits.

- Athletes can attract a wide variety of potential endorsement partners, without geographic boundaries. This will be particularly important for those in the third world who, despite great talent, get very little exposure to potential sponsors. Athletes can be assessed by larger numbers of professionals, and increasing their chance of discovery.

- Agents, marketers, recruiters and other sports professionals can conduct initial evaluations of athletes without spending thousands of dollars to travel for scouting and talent assessment.

- By linking to athletes' sites, local, regional and national brands can be associated with athletes before they become stars, and before formal endorsement arrangements become part of the process. This gives these companies an edge by giving them the potential to reach the next Tiger Woods before their competitors and before he or she is too expensive to sign.

Awareness and Distribution

Because of the number of profiles and the wide variety of sports categories, Facebook Sports will be primarily distributed by word of mouth

- *Athletes* – The clean visual design and consistency in content of our sites will encourage athletes to give out links to their profiles as the first point of discovery for friends and interested recruiters.

- *Scouts and Recruiters*- Our site will actually restrict creativity on behalf of the athlete. This ensures consistency that will lead to recruiters' use of our profile pages as the principal way in which they inform each other of prospects. These professionals will no longer have to sift through complex and disorganized profiles.

- *The original Facebook* – Not only will athletes be able to invite their friends to join Facebook Sports to see their profile, they will also be able to share portions of their profile through Facebook applications on the original site. As users add Facebook Sports applications to the original Facebook site, we will see more and more users creating profiles on the new site.

- *Other media*- Because Facebook Sports will be the primary athletic profile for our athletes; we will encourage them to promote their profile at every opportunity.

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Revenue Model

The Facebook Sports division will have two revenue streams (See Figures 2 &3):

1) Advertisers engage the audience through a profile page created with a template. An advertiser's profile page can be linked to a variety of athletes' pages, and campaigns can be wide reaching or tailored to specific needs.

2) Recruiters and Sponsors will pay an additional fee to access Facebook Sports' robust search engine.

The website is not designed for the casual youth athlete. The seriousness of the content, will limit the market to only dedicated athletes. While large subscriber counts generate revenues for most social networking sites, a smaller niche population will not hurt Facebook sports. First, Facebook's existing infrastructure will greatly limit the costs of website creation and maintenance. Second, the nature of the users would lend to more frequent traffic per subscriber than other social networking models. The continuous tracking of ones own profile and the profiles of others through the site will encourage users to log in often.

Not only will users log in more often and be exposed to ad space, the ads will be targeted specifically to the user. With the information the users provide as they create their profile, Facebook Sports' advertising engine can determine the ads most likely to draw them. Not only will ads be targeted by sport, but by location as well. This system will allow local and sports specific companies to compete with advertisers like Gatorade and Nike. The smaller companies will be able to buy targeted advertising that will have a higher return on investment than they can through other medium. At the same time, huge advertisers like Gatorade will be able to buy cheap advertising that reaches all users. Everyone wins in this situation as all companies can buy

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cost effective advertising while Facebook Sports earns additional revenue by tapping those hesitant to advertise online.

While ad revenue will be a large component of the division's revenues as a whole, they will be supplemented by fees paid by recruiters and sponsors. Recruiters will pay a $100/month fee to be able to search for new athletes for their teams. This fee comes at a fraction of the cost of the expenses recruiters pay to see athletes live on the field. Instead of paying high travel costs with only a chance of seeing real talent, recruiters can screen potential contacts before they invest significant amounts of money. Facebook Sports will save recruiters and their organizations an average of over $1,000 per month, making the $100/month fee an attractive investment.

Sponsors will have access to the same search engine but will get additional features, including their own customizable profile. For this, sponsors will pay $500/month plus a commission if they sign a major sponsorship deal with one of our users. Local companies will be able to give small "gifts" such as gift certificates and merchandise to athletes. These contributions will show up on that user's profile for a specified period of time just as gifts show up on a Facebook user's page. We will not take a commission from these small gifts.

Potential Market

The confluence of four societal and business trends makes the present an ideal time for the launch of a web offering dedicated to showcasing up-and-coming athletes for recruiters, sponsors and fans.

- The market for local advertising is growing. Over $5 billion of locally targeted, small-business advertising will move online by 2010 in the United States alone[12], and small businesses are becoming savvier about their online advertising budgets. Many of our athletes are "hometown heroes" but there is no efficient way for small, local businesses to connect to support these athletes.

- Sports have become a more legitimate professional pursuit at increasingly earlier ages. Since the success of Tiger Woods and other breakout athletes, parents are no longer low-key in pushing children to pursue profitable sports-related professions in their early years.

- Audiences are increasingly inclined to get their sports-related information from the web. Avid fans realize the advantages of speed and ease in finding information as compared to other media.

- Sports advertising is a multibillion dollar industry dominated by the television medium, but not for long. Online advertising is growing at an exponential rate, and is expected to reach $1 billion annually by 2011.[13]

[12] Parker, Pamela. Classifieds Still King but Paid Search Looms Locally. Sep 22, 2005.
http://www.clickz.com/showPage.html?page=3550646
[13] Kee, Tameka. Online Sports Spending To Hit $1 Billion By 2011. July 24, 2007.
http://publications.mediapost.com/index.cfm?fuseaction=Articles.showArticleHomePage&art_aid=64461

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Competition

Because sports is such a large industry and the need to find new talent is growing more important

annually, Facebook Sports will find itself competing with several other companies. Copycat sites

will emerge aiming to replicate our process. These companies will add to the existing

competition including but not limited to the following sites: (see Figure 4)

- Takkle –Product: Focus on social networking. High potential for large audience, but not great for real athletic assessment. Importance: Alan Patricof is the financial backer, and he has a track record of success. www.takkle.com/
- ESPN – When it comes to sports, ESPN is always a major player. The focus is mostly provided content and lack an extensive recruiting section. They focus on high school football and basketball and only include big name potential recruits professionals already know about. Most importantly, they lack detailed player profiles. www.espn.com
- The Active Network – well financed, diverse network of active lifestyle web sites. www.theactivenetwork.com

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Facebook Sports' Advantage

      Facebook Sports will have several key competitive advantages over its existing and future competitors:

1) A great media product of high value to its audience and existing brand - Facebook is a household name in the United States and is beginning to be recognized internationally. Many of Facebook Sports' competitors are startups who have not developed enough brand awareness to gain real traction. Facebook's existing awareness will allow it to surpass current competition quickly and prevent new competition from entering the market.

2) Global orientation from the start – Facebook Sports will launch not as an American site but as a global site. This will not only mean that the site will be available to users of many countries but that international users will be specifically targeted. Facebook Sports understands the importance of international sports and the trend of international athletes to play outside their home countries. This is something that many of the site's current and future competitors have not yet realized. As the first-mover in the identification of international talent, Facebook Sports will have a unique advantage over its competitors.

3) Facebook's seriousness about information - Amateur sports are no longer kids' stuff. Recruiters and marketers are making multi-million dollar decisions, and identifying superstars early can have a tremendous impact. Facebook Sports understands this and has the technological infrastructure of the original Facebook site to organize information in a way that adds value to recruiters and sponsors alike. From its inception, Facebook Sports will promote this competitive advantage as it seeks advertisers and paid recruiter subscriptions.

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Why Facebook Sports shouldn't be part of the Original Facebook Site

Why, after the creation of the Facebook development platform, should Facebook Sports be a site independent of the original? A Facebook Sports application on the original site would seem to be the logical move to create this new offering, but this is not the case for several reasons. First, Facebook Sports needs to be a separate home for enthusiastic athletes, free from the clutter of the original site. Second, the recruiters who will be an integral component of the site may be turned off by having to find their way through the original Facebook. Finally, the creation of Facebook Sports as an application within the original site will be a problem technologically.

Facebook Sports is designed to be a place for hardcore athletes, not the casual sports fan or the average Facebook subscriber. It is meant to be a place where athletes can create healthy competition between each other and develop relationships with recruiters and sponsors. Creating Facebook Sports as a part of the original Facebook site fails to create this environment. Facebook Sports does not want athletes to use the application to post a video of their latest game and then gradually drift into the rest of the Facebook site. We want to keep sports in the users mind encouraging them to surf around their friends' profiles posting comments and build relationships with recruiters and sponsors. The development of Facebook Sports as an independent site will show Facebook's commitment to creating an environment specifically for athletes and will encourage members to focus on their athletic life.

Another major problem with making Facebook Sports a part of the original site is that recruiters will want to use a dedicated site. Facebook Sports is designed with recruiters in mind and one of its goals is to save these busy professionals time and money. This product, as a Facebook Application, would detract from that goal. Recruiters would have to learn the

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Facebook site and would waste time navigating through it every time they wanted to access the Facebook Sports application. The product would better cater to recruiters as an independent site with an interface designed with the goal of saving recruiters time and money in mind. The interface would include continuous reports on changes to athletes' profiles, a robust search function, and communication tools all on the home screen.

Developing Facebook Sports as a part of Facebook.com would also be a problem technologically. While Facebook is endowed with the talented software developers necessary to create Facebook Sports, the site itself could not handle the robust infrastructure necessary to run the site.

For all of these reasons, Facebook Sports should be developed independent of the current Facebook site. However, this does not mean that the sites should not be connected in some way. In fact, it is essential to the sites success that they do. As mentioned earlier, the Facebook site is home to 70 million members, many of whom will want to be members of Facebook Sports. Facebook will need to promote its new product offering aggressively to all members of its current site to increase awareness. It should do this by implementing a month-long advertising campaign coordinated with the launch of the new site. This would include a large notice to every member the first time they sign in and small banner ads throughout the month. To permanently connect the two sites, Facebook should create several applications users on the original site can use to feed their information to their original profile. This will allow them to show off their pictures, videos, or other sports data to their friends on the original Facebook site while maintaining a full athletic profile on the Facebook Sports site.

This is the place where Facebook can really show off the power of its application platform. The variance in the applications will allow users to share information to their friends

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on the original site as they see fit. For example, some users may only want to show their sports photos or videos on the original site and keep their statistics private and available only to recruiters. The use of multiple applications will be allow a user to do with ease by letting them choose the media application only. The other data from their profile would remain safe and private, just as users' credit card information and home address are not available on the Facebook site to users of the Blockbuster Online and Fandango applications.

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Risks Facebook Sports Faces

Like any business, Facebook Sports will face many risks, particularly in its early stages. The most evident risk is one a described earlier, competition. In addition to this threat are the risks that the company will fail to attract enough users and that the site will fail to meet its functional objectives.

As I described earlier, social networking sites' revenue potential is typically measured in the amount of subscribers to the site. The more subscribers there are, the lower the cost is to operate the site per user and the easier it is to sell ads. While Facebook Sports will be able to leverage the original Facebook's server farms and personnel to keep costs down and they do not need as many users as other sites to generate sufficient traffic, they still need a strong membership. Specifically, they need strong membership in each category- athletes, recruiters, and sponsors. If the site succeeds at attracting athletes quickly but fails to get recruiters early on, the site will fail.

To prevent this risk from becoming a reality, the company will have to target athletes aggressively through the original Facebook site and other media target recruiters directly. A strong ad campaign early on will bring in enough athletes to support the word of mouth marketing it will rely on to grow. This type of advertising will not be effective in reaching recruiters as it will be too expensive. Therefore, Facebook Sports will have to engage in direct marketing to athletes through direct mail, email, and sales calls. These would be targeted at independent recruiters and recruiting firms alike. Since Facebook Sports anticipates that recruiters will fail to see the value in its product offering early on, it will offer a five-month free trial to let recruiters see the value first hand.

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Even if Facebook Sports achieves in getting a strong subscription base early on, it will ultimately fail if it does not meet its functional objectives. Facebook Sports will truly have to be a place for dedicated athletes and must be able to provide recruiters and sponsors with relevant and accurate information on athletes. If the site gets dominated by casual athletes or recruiters lack trust in the information provided, the concept will not survive long term. The first concern is truly a minor one as Facebook Sports expects that the design of the site, tailored for reporting statistics and contacting recruiters, will not appeal to most casual athletes. While some casual athletes are expected to sign up, domination by this group is highly unlikely.

The more difficult problem is keeping the site functional for recruiters and making sure that the information on the site is relevant and accurate. The design of the site itself should do a good job of keeping the information on the site relevant by only allowing fields for sports statistics and little room for free expression about users' personal lives. However, the accuracy of the information provided by athletes is likely to be questioned. Facebook Sports will not have the resources to investigate the statistics provided by its users, so there will be an opportunity for athletes to provide false information on their pages.

While Facebook Sports acknowledges this reality, it expects that falsification will not be widespread. Just as the possibility that a candidate for a position may "pad" their resume doesn't keep companies from trusting the majority of essays, neither should the possibility of "padding" a profile keep recruiters from trusting athletes. Both job candidates and athletes know that lying may help them out in the short term but most of them also know that it probably won't help much in the long term. Athletes know that recruiters who are interested in them will be contacting their coaches and do their due diligence when evaluating potential athletes. This will

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discourage athletes form giving themselves better stats on their profile for fear of losing a recruiters trust and a possible opportunity.

Although Facebook Sports believes that falsification of profile information will not be widespread, it does have plans to prevent it and assure recruiters that their data is accurate. The first line of defense will be a stern notice to users when they sign up for the site. This notice will be clear, in large print, and will require the user to confirm their acceptance of the policy. It will not be buried in fine print. This policy will state that users must only provide information that is true and accurate to the best of their knowledge and that users are required to take down any false information when recognized.

The other way Facebook Sports will ensure that the information on its site is true and accurate is by partnering with sports leagues. As the site grows, it hopes to build relationships with organizations such as the National Little League Association and ones like it. These organizations will provide Facebook Sports with periodic results of games, information the site will use to update users' statistics. Recruiters will be able to compare information provided by the users with information provided by the leagues and make a comprehensive determination on whether to approach an athlete. In return for providing this important information, organizations will have their logo put on their athletes profiles free of charge with a link to their respective website.

Conclusion

Facebook Sports is a new product offering that will benefit its parent company in several ways. It will increase the company's revenues and bottom line? and will increase the company's awareness both domestically and internationally. All the benefits that Facebook Sports will provide are ones that Facebook desperately needs. As detailed earlier, Facebook is having trouble managing its cash flows, remaining profitable, and expanding overseas. The new division will be successful in all these areas independently and will help the original site expand and stay profitable. By failing to develop this new product offering, Facebook will lose out on these benefits, possibly handing them to its competitors who will soon realize the value of sports social networking. Therefore, I urge Mr. Zuckerberg and Mrs. Sandberg to carefully consider this proposal and act quickly to implement it.

Figure 1 – Sample Profile

Athlete - Baseball - Not Pitcher

Logo   1/4

Home, Messages, Groups, Events, Forums, Invite, Browse, Search

1/4

simple search

LOGIN BOX

Friends: 3 of 37
Manny Ramirez

John Scott

Randy Jackson

See all

Teams/Groups

just as we only want 3 friends on the main page to save room. we want to do the same for this section. Is there any way to "flag" teams to distringuish from regular groups and make them show up first?

Sponsors

First name   3/4

Main Picture

Full Name: *****
Pronunciation: ******
DOB: 10/12/92 (Location)
Current Location: ******
School: ******

Contact Person: : Joanne Smith (Parent)
Contact Number: 555-555-5555
Contact Email: parent@aol.com

| Add me | Block Me | Report Me |
| Message Me | Add to Favoites | Invite to Group |

More Photos

ABOUT ME   3/4

Favorite Sport: Baseball

Favorite College Team: Duke

Favorite Pro Team: Yankees

Favorite Pro Athlete: A-Rod

Hobbies and Interess: Watching TV, Xbox, Biking, Working out

Dream School: Duke

Dream Job: Sports Announcer

| Basics | **Baseball** | Soccer | Academics | 3/4 |

Position(s)
Third Base, First Base

Throwing
Across Infield:
Home to Second:

Running
Home to 1B: 3 sec
1B to 3B: 7 sec
Home to 3B: 9 sec
Home to Home: 12 sec

Awards
2004 Warner Middle School MVP
2005 New England Region Champion
2005 New England Region Champion

Batting Statistics
Dexterity: Right

SEASON	TEAM	G	AB	R	H	2B	3B	HR	RBI	BB	SO	SB	CS	AVG	OBP	SLG	OPS
2003	Fla	87	314	39	84	21	3	12	62	25	84	0	2	.268	.325	.468	.793
2004	Fla	160	603	101	177	31	1	33	112	68	148	5	2	.294	.366	.512	.878
2005	Fla	158	613	106	198	43	2	33	116	64	125	1	0	.323	.385	.561	.946
2006	Fla	158	576	112	195	50	2	26	114	86	108	9	6	.339	.430	.568	.998

Fielding Statistics
Dexterity: Left

SEASON	TEAM	POS	GP	GS	INN	TC	PO	A	E	DP	FPCT	RF	ZR	PB	SB	CS	CS%	CERA
2003	Fla	3B	34	30	275	71	17	53	1	2	.986	2.29	.809	--	--	--	--	--
2004	Fla	LF	55	55	481	107	99	5	3	1	.972	1.95	.826	--	--	--	--	--
2005	Fla	LF	59	58	504	100	92	6	2	0	.980	1.75	.857	--	--	--	--	--
2006	Fla	RF	100	100	856	184	170	7	7	1	.962	1.86	.850	--	--	--	--	--

Gallery   3/4

| Thumbnail 1 Links to Full Size | Thumbnail 2 Links to Full Size | Thumbnail 3 Links to Full Size |

Comments   (standard comment box)   3/4

FIGURE 2
Faceook
Sports

Pro Forma
Financial
Statements

Figure 2 – Pro Forma Income Statement

INCOME STATEMENT	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Revenues																		
Ad Revenue	$8,903	$20,494	$26,682	$35,204	$46,207	$59,967	$77,861	$101,136	$131,414	$170,808	$222,065	$288,767	$351,204	$404,389	$465,634	$536,088	$617,148	$710,491
Sponsor Revenue	$0	$0	$0	$70,210	$77,308	$85,124	$93,730	$103,207	$113,641	$125,130	$137,780	$151,710	$167,048	$183,936	$202,532	$212,872	$223,739	$235,161
Recruiter Revenue	$0	$0	$0	$0	$0	$50,754	$56,108	$62,028	$68,572	$75,806	$83,803	$92,645	$102,419	$113,224	$125,169	$138,374	$152,973	$161,425
Net Revenue	$8,903	$20,494	$26,682	$105,414	$123,516	$195,845	$227,700	$266,371	$313,627	$371,743	$443,649	$533,121	$620,671	$701,550	$793,335	$887,334	$993,860	$1,107,077
Expenses																		
Site Creation	150,000	0	0	0	0	75,000	0	0	0	0	0	75,000	0	0	0	0	0	75,000
Office Expenses	10,000	10,250	10,506	10,769	11,038	11,314	11,597	11,887	12,184	12,489	12,801	13,121	13,449	13,785	14,130	14,483	14,845	15,216
Site Hosting	$880	$1,049	$1,139	$1,263	$1,424	$1,625	$1,885	$2,225	$2,666	$3,241	$3,988	$4,961	$5,872	$6,647	$7,540	$8,568	$9,750	$11,111
Site Maintenance	$5,000	$5,050	$5,101	$5,152	$5,203	$5,255	$5,308	$5,361	$5,414	$5,468	$5,523	$5,578	$5,634	$5,690	$5,747	$5,805	$5,863	$5,922
Payroll Expense	87,658	88,133	93,862	99,963	106,460	113,380	120,750	128,599	136,957	145,860	155,341	165,438	176,191	187,644	199,840	212,830	226,664	241,397
Marketing	74,190	23,144	31,098	40,488	52,713	68,630	89,352	116,332	151,459	197,192	256,734	334,254	154,748	178,227	205,269	236,413	272,283	313,595
Total Expenses	$337,728	$138,125	$152,730	$169,210	$188,993	$287,966	$242,293	$278,474	$323,455	$379,762	$450,675	$615,456	$373,852	$410,850	$452,326	$498,888	$551,233	$685,161
Profit (Loss)	($328,825)	($117,632)	($126,048)	($63,796)	($65,477)	($92,121)	($14,593)	($12,103)	($9,829)	($8,019)	($7,026)	($82,334)	$246,818	$290,700	$341,009	$388,446	$442,626	$421,916
						(793,900)						(927,804)						1,203,711

Figure 3 – Revenue Projections

Revenues

Figure 4 – Competitive Environment

User Creation/
Interaction

*Facebook
Sports*

MySpace   **Takkle**   **LinkedIn**

**Home
Teamz**

**Active
Network**

Casual   Professional

CSTV

ESPN

Scout

Provided
Content

Subscription
Supported

Active
Network

Home
Teamz

Facebook
Sports

Local   Global

LinkedIn

ESPN

CSTV

Takkle

MySpace   Scout

Ad
Supported

- 30