International Study Tour to Spain

Combined Individual and Syndicate Take Home Assignment

Academic Leader: Dr. Geoff Heald Senior Lecturer Negotiation

Due Date: 1 April 2019

Format of the Examination

This question is a dual purpose take-home assignment.

This take-home assignment is divided into two components.

It will be assessed as both a syndicate take-home assignment, and as an individual take-home assignment, at the same time.

Each script will therefore be accorded both an individual mark, and a syndicate mark. The syndicate mark will simply be aggregated from the individual marks.

It is therefore imperative that the contribution of each student should be clearly identified on the script.

The weighting of the individual component is 60% and the weighting of the syndicate aspect is 40%, equating to 100%.

The take-home assignment should preferably be no longer than twelve double spaced typed A4 pages. Should you wish to submit a longer script you will not be penalized.

Questions

Please answer all four questions:

1. Write an elevator pitch that will convince Mr. Ramaphosa to convert Wanderers Cricket Grounds into a multi-purpose business incubator and entrepreneurial hub that can be used to indenture young academic and vocational graduates into the world of work.

2. Read the case very carefully and discuss how you introduce and innovate will new income streams to Gauteng Cricket in order to ensure that the business incubators, entrepreneurial hubs and cricketing income are optimized and sustainable.

3. Discuss the case whether all municipally owned sports stadiums should be multi-purposed into business incubators and entrepreneurial hubs? Please identify risks and mitigate those risks.

4. Who are the most important stakeholders that would need to be consulted to multi-purpose sports stadiums into business incubators and entrepreneurial hubs? Provide reasons.
Executive Summary of the Case Study: Multi-Purposing of Sports Stadiums into Business Incubators and Entrepreneurial Hubs in South Africa, with Specific Reference to Wanderers Cricket Stadium as a Pilot Study

Rationale for the Questions and the Take-Home Assignment

You are embarking upon a wonderful guided international social learning experience in Spain which has been arranged by Wits Business School together with Emzingo.

Spain is widely acknowledged as one of the top countries in the world to study social entrepreneurship. As you are aware social entrepreneurship includes the establishment of business incubators, and entrepreneurial hubs. Business incubators and entrepreneurial hubs are important to the viability of South Africa because they can grow the economy and gainful employment. We unfortunately have one of the highest unemployment rates in the world in South Africa and this makes the massive creation of business incubators and entrepreneurial hubs extraordinarily important. The broad field of social entrepreneurship and business incubators is a very important area of study in the context of disruptive innovation and the Fourth Industrial Revolution, and business incubators and social entrepreneurial hubs must by necessity key in the digital revolution into social entrepreneurial plans. Social entrepreneurial action is a means of creating multiple forms of value and can be used to create all manner of different type of employment opportunities. Your contact sessions in Spain include design thinking, learning to unlearn and social innovation workshops. They are very interesting.

Emzingo have arranged for 17 contact sessions during our stay in Spain and they are of the highest quality. The case study and the contact sessions have been designed to be congruent. The purpose of this take-home assignment is for you to critically extrapolate your Spanish learnings on establishing business incubators, entrepreneurial hubs and social entrepreneurship to a carefully considered real-time South African case study, that I am currently work shopping using interactive planning and ideal redesign. The case study is presented to you with the intention of resonating with your contact sessions that are to be offered by Emzingo and your private learnings. It will enrich your discussions and insight both in Spain and when you return home to South Africa.

Multi-Purposing of Sports Stadiums into Business Incubators and Entrepreneurial Hubs in South Africa, with Specific Reference to Wanderers Cricket Stadium as a Pilot Study

This note will be devoted to providing you with an executive summary of the contents of the case that you will be working on in Spain.

The case that you are requested to investigate explores the Multi-Purposing of Sports Stadiums into Business Incubators and Entrepreneurial Hubs in South Africa, with Specific Reference to Wanderers Cricket Stadium as a Pilot Study in order to assist newly qualified vocational and academic graduates into gainful employment.

This case is written in the context of the Public Private Growth Initiative, which has the full support of President Cyril Ramaphosa. It seeks to create employment in 22 economic sectors. Sports stadiums are underutilized assets and are often cash guzzling white-elephants. The question therefore arises: how should sports stadiums be monetized for the greater good of all South Africans including but not limited to the unemployed but qualified youth?

When you read the case you will notice that Mr. Alan Watkins who is the CEO of WatProp (and a very successful South African property developer) posed a series of burning
questions to Gauteng Cricket about their utilization of Wanderers Cricket Stadium. These questions and the response provide a line of sight into the viability of Wanderers Stadium and reveal that the stadium is vastly underutilized. Furthermore the stadiums and the human networks that are available have great potential to offer substantial and sustainable sources of funds that have never yet been contemplated. They could be used to finance the sport, entrepreneurial hubs and business incubators which have the potential to create significant business opportunities and employment.

Mr. Eric Parker was instrumental in arranging the Seattle Coffee Franchise, the Nandos Franchise and also the Sorbet Franchise, to name but a few of his iconic value creations. Mr. Parker is of the view that if Wanderers Cricket Stadium can be used as a successful prototype, then all the sports stadiums in South Africa should be multi-purposed into business incubators and entrepreneurial hubs. The wise way to do this would be to conduct it as a Public-Private-Partnership franchise arrangement.

The case study explores the reasons for the failure of various high profile sports stadiums. It starts on this negative, simply because it would be irresponsible to assume that this project will naturally succeed. It could also fail. Thereafter the case briefly draws two business incubators and entrepreneurial hubs and their functionality to your attention. The first that is considered is Standard Bank’s business incubator and entrepreneurial hub. The second that is considered is the Black Umbrella’s business incubator and entrepreneurial hub. The latter was founded by Mr. Cyril Ramaphosa some years ago. Both are brilliantly conceived. Please note that there are many others in South Africa.

After you have considered the matter of business incubators and entrepreneurial hubs you will be presented with a discussion on the circular versus linear economy. The basic difference between the two forms of economy is that the linear economy is a disposable economy and has historically included the disposal of waste material and human beings. It is based on the “take-make & dispose” economic framework. The linear economy is extractive. Colonialization was, and is, based on its principles.

The circular economy is concerned with sustainability of materials and including the imperative of human reinvention. It is eco-effective and abides by the basic principles of “reduce-reuse & recycle.”

The interesting point is that sustainable sports stadiums that seek to multi-purpose their offerings are now adhering to the principles that underpin the circular economy. The European Union has legislated the circular economy and Spain abides by its legislation. You will then consider the wise and sustainable usage of sports stadiums as multi-purposed facilities intended create business incubators and entrepreneurial hub. The Ajax Amsterdam ArenA, Sydney Olympic Park and Arsenal’s Innovation hub are presented as exemplars of excellent social entrepreneurship.

Finally the case will review the challenge of drawing millennials to watch games in the digital sports stadium.
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South Africa’s formal unemployment rate in the fourth quarter of 2018 was 27.1%. The youth unemployment rate for young adults, between the ages of 15 and 34 was very much higher at 38.2%. These unemployment statistics are unquestionably amongst the worst in the world. If not urgently counteracted, chronic unemployment could ignite into civil insurrection. Youth unemployment threatens to wrench apart the very social fabric of South African society. More than a third of South African youth are unemployed. President Cyril Ramaphosa has identified reversing this appalling malaise as a priority. His general intention is to seek to create massive and sustainable opportunities for youth employment in South Africa.

How might this be done?

Mr. Roelf Meyer who was Cyril Ramaphosa’s counterpart during the constitutional negotiations has established “the Public Private Growth Initiative (PPGI) which has resulted in Chief Executive Officers (CEOs), and their representatives from across 22 economic sectors in South Africa pledging to partner with government to create jobs, move the needle on economic growth and contribute to skills training... the PPGI has developed 18 specific projects across economic sectors to this end.”

Could the genteel game of cricket, and its influential and talented human networks, asset base of stadiums spread across South Africa, international commercial networks of sponsors and marketers, player and spectator support base, business and public sector leaders play a constructive role in reversing youth unemployment, and, at the same time create a financially sustainable basis for cricket in South Africa?

Gauteng Cricket have a pipeline for the development of cricket talent.

This developmental pipeline is interesting. It provides an approximate mirror of an entrepreneurial hub and business incubator, as one might note in the Sydney, Arsenal, Ajax and Barcelona Stadiums and their associated incubators. The objective of the cricket pipeline are to place the growth, development and transformation of South Africa’s cricket on a sustainable foundation.

The Growth and Developmental Objectives of the Cricket Pipeline

“The development pipeline has a number of objectives:

1. Improved cricket development;
2. Improved tactical awareness;
3. Formal educational or vocational education qualification (to be achieved by cricketers on pipeline);

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1 Kindly note that this case is still being subjected to iterative editorial revue g.r.h.
2 https://ewn.co.za/2018/06/02/youth-unemployment-now-at-top-of-national-agenda
4 https://www.gcb.org.za/pipeline#pyramidProvincial
4. Talent identification and retention;
5. Holistic development of the identified players at provincial level, based on the principle that ‘better players make better Proteas’;
6. A structured talent identification and development programme;
7. The retention of these players within each Affiliate or Associate;
8. An academy system that encourages young players to study and or enter the workplace while playing cricket during the ‘bottleneck period’;
9. Qualified individuals who are better prepared for their transition out of cricket irrespective of the level from which they make the transition out of cricket South Africa’s pipeline strategy;
10. Tools that reveal their true talent as leaders and people – life skills;
11. Opportunities to reveal their talent as cricketers;
12. Improved support structure (and),
13. Improved coaching system."

All of the above mentioned objectives relating to the growth and development of the cricket pipeline, are also intrinsic to the establishment of business incubators and entrepreneurial hubs. They also are at the essence of the Ramaphosa and Meyer’s Public Private Growth Initiative (PPGI).

It will be shown that they are also incorporated into startling innovations and multimedia developments at sports stadiums across the world. These innovations involve the digitization of the spectator experience at sports events. It reveals the power of the Fourth Industrial Revolution in which we are currently enmeshed as it pertains to the art and science of sports stadium leadership and management across the world.

The Public Private Growth Initiative (PPGI) goals are obviously much broader, than the Cricket Pipeline mentioned above. But a careful study of both will show that they are congruent in their human intentions. The Cricket Pipeline seeks to create jobs and prosperity through economic growth and development for their cricketers, based on the inimitable ethos of cricket as a sport.

The Public Private Growth Initiative (PPGI) has a much wider remit than the Cricket Pipeline. But, they both seek in their own way to contribute robustly to skills training and management education, on a massive scale in South Africa. Their shared objective is to ensure that the youth of the country can achieve employability, and meaning in life, by discovering and fulfilling their God-given talents in the world of work.

Similarly, the cricket pipeline envisages that it will contribute to the development and employability of young cricketers after their careers have ended, by assisting in endowing them with the opportunity to receive appropriate vocational and academic qualifications. This will equip the sportsmen and sportswomen to renew their careers after their playing careers have come to an end.
Burning Questions to Ascertain Whether Wanderers Cricket Ground is an Asset that could be Multi-purposed into a Business Incubator and Entrepreneurial Hub

Can Wanderers Cricket Ground be multi-purposed into a sports venue, a business incubator and an entrepreneurial hub?

Sports stadiums across the world, including Wanderers, are more often than not vastly underutilized property and community assets. In South Africa, young graduates have a dire need to be inducted into gainful employment. Sports stadiums have underutilized office space, accessibility, availability of parking, shops and restaurants, linkages to transport networks, meeting spaces, lounges, kitchens, ablution facilities, Wi-Fi connectivity, locational advantages, sponsorship arrangements, networks of all kinds, family support and indeed political support. Wanderers has all these features, which are profoundly underutilized and unfocused. Unemployment in South Africa is of such devastating proportions that we need very large facilities, to create business incubators and entrepreneurial hubs to indenture our academically and vocationally qualified, but inexperienced youth, into the world of work. These stadiums can be adapted to fit this purpose.

It is recommended that Wanderers Stadium should serve as a pilot study to multipurpose cricket and sports stadiums across South Africa to serve as business incubators and entrepreneurial hubs to induct young men and women, who are vocational and academic graduates into the world of work. This pilot study will reveal the necessary steps that should be followed to franchise the process of multi-purposing of sports stadiums in South Africa. This task should be undertaken in a manner that enhances the growth and sustainability of cricket in South Africa, and across the world. It should improve the brands and franchises and widen and deeper loyalties towards cricket.

It will be realized by studying the “question and answer” communication below between Alan Watkins and Gauteng Cricket that, Wanderers Cricket Grounds are a vastly underutilized resource. It should be tapped in order to make cricket sustainable. Wanderers has at least fifty rooms that could be used to house business incubators and entrepreneurial hubs. Many of these rooms are lying vacant. Stadiums have large parking facilities which are currently dead space and could be monetized. The leadership of Ajax Amsterdam ArenA has studied the trajectory of the take-up of electric cars and will be using the stadium’s parking space to re-charge electric car batteries. Stadiums are usually centrally, or at least conveniently located, and easily accessible to the public because they are connected to public transport networks. They are electronically sophisticated and have 3G access. Huawei are assisting the Ajax Amsterdam ArenA to adopt 5G Wi-Fi which will enable the spectators at sports events to view replays in three dimensions and interact with multiple audiences in the most extraordinarily powerful way. The trend in advanced Wi-Fi digital stadiums is now inexorably towards 5G. Stadiums have restaurants and ablution facilities, security facilities and access control, which are suitable for very large numbers of young persons who could potentially be involved in business incubators and entrepreneurial hubs.

These comments beg several important questions. Stadiums are underutilized for most of the year. How can sports stadiums best be used as facilities to indenture our youth into gainful employment in South Africa, during periods when they are underutilized? At the same time how can they be used to grow the game of cricket and other sports where applicable? What type of business model should

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5 The researcher expresses his deep appreciation to Alan Watkins the CEO of WatProp for granting him many hours of his time to explore whether Wanderers Cricket Grounds could, in addition to the Cricket Pipeline be multi-purposed into a financially sustainable Business Incubator and Entrepreneurial Hub. He wishes also to thank Greg Fredericks and Gauteng Cricket for providing answers to the questions posed by Alan Watkins on Monday, February 11, 2019.
be created to serve this purpose? How can stadiums best be utilized to add new sources of revenue for sustainable cricket transformation and employment creation?

It should be recalled that these stadiums were constructed and paid for by revenue received from the greater population. The greater population of South Africa is therefore a natural stakeholder in stadium development, and the State has a reciprocal obligation to serve the needs of their citizens in their quest for gainful employment, by creating an enabling environment in various forms of support including creating the necessary taxation incentives and cutting out bureaucracy and red tape that inhibit the creation of business. The South African State has a reciprocal obligation to provide a return on the rates and taxes that were paid by the citizens of the country to create, finance and maintain these sports stadiums. Surely part of that pay-back is to seek to create an enabling environment for indenturing of gainful employment for our youth. to be assisted and indentured into the world of work.

Venues, funding, support, mentorship, leadership, skills training, education, networks, enabling taxation incentives and enabling educational policy are required to multi-purposes sports stadiums.

An Interview with Alan Watson CEO of WatProp and an Expert on Property Management and Transactions

In the communication below Alan Watkins, the successful Chief Executive Office of WatProp posed a series of carefully crafted questions about the Wanderers Cricket Stadium which clarifies the latitude to multipurpose this facility into a sustainable source of revenue, and to use this for the greater good of the youth of South Africa.

   1.1 Comment on Response: This means that the City of Johannesburg would have to grant the necessary authorization to Gauteng Cricket to multi-purpose Wanderers Cricket Stadium. The development of Wanderers Cricket Stadium, as a multi-purpose stadium, including business incubator facilities and entrepreneurial hubs, would rightly require the legal arrangement of a type of Public-Private-Partnership (PPP) and the consent of critically important stakeholders. The Victoria & Alfred Waterfront in Cape Town is one of the most successful waterfront developments in the world and it is a P.P.P. Follow-up question: What, if any right does Gauteng Cricket have to transfer, cede or delegate their property rights received from the city of Johannesburg for the Wanderers Cricket grounds to other legal entities in order to multipurpose the stadium?

2. **Alan Watkins: Do the fields on the western side form part of the property?** Gauteng Cricket Response: “City of Johannesburg: No, they belong to the Wanderers Club.”
   2.1 Comment on response: The Wanderers Club, and the Wanderers Stadium therefore have different owners. This means that if a decision were to be taken to develop the western side of the property, and the Wanderers Stadium together, consent would be have to be granted from Wanderers Club.

3. **Alan Watkins: Who is the current tenant?** Gauteng Cricket Board t/a Central Gauteng Lions.”
   3.1 Comment on response: The Gauteng Cricket Board have acted proactively in arranging this scenario analysis. It opens up the possibility of multi-purposing the stadium for the greater good. It begs the questions: Will the City of Johannesburg and Wanderers Club be receptive to multi-purposing the stadium as a business incubator and entrepreneurial hub? Are they receptive to discovering new value creating business models and new and
sustainable methods of monetization? The City of Johannesburg is urgently in search of extra revenue on the one hand. On the other hand, it, like all cities in South Africa is run by a political party. This project if implemented in a wise and sustainable manner will be a ‘vote catcher’. If successfully implemented and executed it might be used as an icon for the City of the Future.

The position of the Wanderers Club on the west side property is that their remit is to act in the best interests of the Wanderers Club. If the model that is implemented is sustainable and congruent, then the Wanderers Club can be expected to embrace it. If it has holes in it, they will rightly reject it.

4. **Alan Watkins: What is the lease period?** Gauteng Cricket Response: “50 years expiring in 2040 – option to extend by a further 50 years to be given in 2039.”

4.1 Comment on response: Gauteng Cricket potentially have the right to extend their lease to one hundred years, on the property if they remain financially sustainable and if they have a viable business model. This is a generous long term lease. It affords Gauteng Cricket ample time to reinvent sustainable business models for the greater good as time goes by. The current stadium model in South Africa is respectfully a Victorian concept. Newlands Rugby Ground, St Georges and Kingsmead are traditional uni-purpose stadiums with a strong Victorian tradition, and minimal revenue streams. These stadiums will be compelled to multi-purpose in order to provide sustainable income. Their business models will need to be agile and adaptive. A study of the position of stadiums in international sport is that their business models will need to be continually adaptive and reinvented if they are to remain relevant and viable over time. Gauteng Cricket needs, with a very open mind, to carefully consider their desired means of achieving financial, sporting and stakeholder sustainability by multi-purposing the stadium for the greater good. This should obviously be done with great care, and wisdom, and with guidance from excellent and appropriately qualified people.

5. **Alan Watkins: Can the lease be extended?** Gauteng Cricket Response: “Yes (see above).”

6. **Alan Watkins: What is the escalation rate?** Gauteng Cricket Response: “Rental is negligible.”

6.1 Comment on response: The “negligible rent” probably provides the reason why the stadium’s rentable space is underutilized. It is in effect rent controlled. Gauteng Cricket will not be able in the future to rely on the City of Johannesburg’s (and the city’s population, who created the stadium via their rates and taxes) beneficence to require negligible rents. They will be compelled to require that the asset is sweated and that rentals are market related.

7. **Alan Watkins: Does the tenant have the right to sublet?** Gauteng Cricket Response: “Yes.”

7.1 Comment on response: Gauteng Cricket have the right to sublet the stadium. This provides them with the flexibility to create a serious set of financial opportunities for value creation as they multipurpose the stadium. This will require agile and Fourth Industrial Revolution leadership.


8.1 Comment on response: Gauteng Cricket will need to acquire a broader economic zoning dependent upon how Wanderers Stadium is monetized. Both the Sydney Sports Arena and Arsenal have elected to use their greater stadium space to incubate and create entrepreneurial hubs in specialized sports areas. The Ajax Amsterdam ArenA has gone
much wider, than Sydney and Arsenal. They have moved away from the linear economy into the circular economy which is now part of European Union Economic Policy and law. They are using the stadium to create the city of the future. Upon reflection each city and country will be required to make a decision on how to best utilize their own stadium on the basis of the unique merits of the case – *sui generis*. It will be determined by opportunities, economics, education, demand, culture and the ability to satisfy fundamental human needs.

South Africa has to immediately address the unique and crippling reality of catastrophic youth unemployment. This problem is largely absent in Europe, the United Kingdom, the United States, and the Middle and Far East. It therefore follows that the Amsterdam ArenA approach would serve a greater number of stakeholders than a straightforward sports specialization as is the case with Arsenal and Sydney. It could well be a blend that is relevant to South Africa.

9. **Alan Watkins: Can the building be extended to accommodate the new tenants?** *Gauteng Cricket Response: “With City of Johannesburg’s prior approval.”*

   9.1 Comment on response: The City of Johannesburg are prepared to consider extensions and alterations to the premises. The doors are open.

10. **Alan Watkins: Who will pay for the alterations?** *Gauteng Cricket Response: “Central Gauteng Lions.”*

   10.1 Comment on response: The City of Johannesburg will not carry the costs of alterations, extensions and improvements to the Wanderers Stadium. Necessary alterations are presently the responsibility of the Central Gauteng Lions. It therefore goes without saying that this formula is one that is guaranteed to ensure that alteration costs and upgrading costs to the stadium are kept at a minimum by the tenant. It is consequently deduced that the funding which is necessary to multi-purpose the stadium would have to be arranged by a Private-Public-Partnership.

11. **Alan Watkins: What is the current parking ratio?** *Gauteng Cricket Response: “6 cars per office.”*

   11.1 Comment on response: It is unclear what 6 cars per office actually means in the bigger picture. There is no clarity on the relative position of how many offices, there are, how many parking places are being considered, whether the respondent is referring to parking within the stadium or outside of the stadium and so forth. Some additional questions that need to be asked on parking include: What number of secured parking places does Wanderers Stadium have? Does the City of Johannesburg own the secured parking? In the future could this parking be used to charge batteries on electric cars and therefore monetized throughout the entire year 24/7? What number of cars could be unobtrusively parked at Wanderers on a day-to-day basis?

12. **Alan Watkins: What is the situation for tenants when there is a cricket tournament taking place?** *Gauteng Cricket Response: “Tenants receive, as part of their lease agreement, 15 tickets for match day, in order to run operations. However, they only receive 2 parking tickets within the stadium.”*

   12.1 Comment on response: A barter arrangement is reached with tenants on days when matches are being played. Gauteng Cricket will need to understand the way that time schedules and arrangements are made at other stadiums across the world for match day overlaps, with the work days of tenants and assess the best of breed practice.
13. Alan Watkins: What is the tenant mix that we are looking for?  
   *Gauteng Cricket Response:* “Approximately 50 suites.”

   13.1 Comment on response: This commentary does not yet foresee multi-purposing the stadium into sports events, social events, business incubators, entrepreneurial hubs, office space, basement space, sports space, solar energy space, water storage space, lounge space etc. Gauteng Cricket will require expert advice on how to monetize this space and how to systematically legally contract with tenants in such a manner that this space is properly secured and that the stadium as a whole is secured. Multispectral bayometric fingerprinting will be required for all access and egress to the offices. No commentary is offered on the current tenant mix, neither is any made on occupancy. Observation shows that occupancy at Wanderers is very low, and could be enormously monetized and that the location should be an aspirational working location. The young men and women who are engaged in business incubators and entrepreneurial hubs would be part of the support crowd for the Gauteng Lions. It would naturally generate very large electronic crowds and followings which will grow the game of cricket.

14. Alan Watkins: What type of space will be available retail/entertainment/office/conference etc.?  
   *Gauteng Cricket Response:* “Office – conferencing facilities available at extra cost.”

   14.1 Comment on response: The space could be used for multiple purposes. The limitation on its usage arise from the limitations of imagination. It could be used to house business incubators and entrepreneurial hubs, trade fairs, concerts, important speeches, spectacular events etc. It should be used 365 days a year.

15. Alan Watkins: What rentals will be needed to be achieved?  
   *Gauteng Cricket Response:* “R8333 per suite per month.”

   15.1 Comment on response: 50 X R8333 X 12 = R 4 999 800-00. R 4 999 800-00 should be the minimum annual income from the suites. The rental of R8333 per suite is very low, and is clearly not market related. The stadium itself needs to be investigated by property experts who will be able identify multiple sources of sustainable income.

16. Alan Watkins: What are the total square metres available for suits?  
   *Gauteng Cricket Response:* “15m² to 20 m² per suite (50 suites available).”

   16.1 Comment on response: On this calculation Wanderers stadium therefore has between seven hundred and a thousand square meters of office space available for rental. This is clearly an understated quantum of property and opportunity. Are there any store rooms and facilities at the basement level that could be used say for indoor cricket, or sports medical offices etc.? There is clearly a case for the involvement of architects to modernize the stadium and make it friendly to corporate and longer term occupancy.

17. Alan Watkins: What are the rights regarding signage and naming rights on the stadium?  
   *Gauteng Cricket Response:* “Tenant can advertise (field facing) in front of their office.”

   17.1 Comment on response: Could the signage and naming rights be expanded exponentially? What is the state of the art international marketing and advertising experience in this regard?

18. Alan Watkins: How long is the current lease on any naming rights?  
   *Gauteng Cricket Response:* “5 years expiring September 2019.”
18.1 Comment on response: The naming rights on the current cycle are coming to an end in a few months’ time. How can these naming rights be wisely transacted to provide maximum brand awareness and sustainable income? Kelvin Watt will be able to provide advice in this regard.

19. Alan Watkins: What is the current electricity supply to the property? Gauteng Cricket Response: “City Power (City of Johannesburg).”

19.1 Comment on response: Could the roof of Wanderers Stadium be covered in solar panels, and could a deal be done with, say, Nissan Leaf (electric cars) and the City of Johannesburg to turn Wanderers Cricket Grounds into a provider of sustainable energy for the City of Johannesburg? This has been done in various stadiums across the world including famously the Ajax Amsterdam ArenA in Amsterdam.


20.1 Comment on response: With optimal and wise stadium usage it will be possible to ensure that the tenants assist in maintaining the portion of the stadium that they rent. This will therefore diminish the maintenance burden on Gauteng Cricket.

21. Alan Watkins: What time frames are we working with? Gauteng Cricket Response: “We are flexible but we can run with the project as soon as we get the go-ahead from the City of Johannesburg Property Company.”

21.1 Comment on response: This is a very important observation. The City of Johannesburg Property Company has the right to authorize developments at Wanderers Stadium. They possess legally binding authority.

Could the Multi-Purposing of Sports Stadiums into Business Incubators and Entrepreneurial Hubs be Arranged into a Franchise?

It is self-evident that there is enormous potential to create financial value out of the Wanderers Stadium, which will serve Gauteng Cricket, the City of Johannesburg and the newly qualified youth of South Africa who urgently require indenturing into formal employment. The rental income can be massively increased by multi-purposing the stadium. At least fifty office spaces are available at Wanderers to house business incubators and entrepreneurial hubs. Each of these could be leased by one of the businesses in the 22 economic sectors identified by Mr. Roelf Meyer in the Public Private Growth Initiative (PPGI) which was alluded to in the introduction to this case. The government will need to create an enabling environment where these business incubators and entrepreneurial hubs are enabled by a supportive taxation regime, perhaps rather like a free trade zone. Companies would need to be able to gain BEE accreditation and taxation benefits from such a project.

There are many banks and businesses that have set considerable funds aside to enable employment creation and these would need to be sought in order to finance the project. In addition, value creating venture capital projects that arise from the business incubators and hubs would provide sustainable sources of funding. The stadium itself can be used as a source of big data, as this is a proven source of funds in other digitally sophisticated stadiums across the world.
The Criteria for a Viable Business Proposal

According to the Bell Laboratories a business proposal will be viable if it displays the following attributes:

1. It must be practical to implement;
2. Economically viable and bankable;
3. Technologically feasible;
4. Credible with the critical stakeholders;
5. Continuously adaptive and agile (and)
6. Timely

It is contended that the multi-purposing of Wanderers Cricket Stadium into an entrepreneurial hub and business incubator can be done in a manner that putatively fulfills all the Bell Laboratories criteria for a viable business model.

General Applicability of the Business Model and Creating a Stadium Franchise Approach

The questions that Alan Watson posed to Gauteng Cricket relating to the optimal utilization and monetization of Wanderers Stadium will be generally applicable to all municipally owned cricket stadiums in South Africa. Furthermore, they will be generally applicable to all football stadiums, all rugby stadiums, and all athletic stadiums that are owned by municipalities across South Africa.

This means that some of the questions (but not all) that have arisen in Alan Watkins’ questioning of Gauteng Cricket in relation to Wanderers Cricket Grounds, and multi-purposing cricket stadiums, will be generically applicable across all stadiums in South Africa. Some, but not all of Watson’s questions, and their answers can be expected to recur across the whole of South Africa. Others questions that will need to be pursued will be unique. They will be dependent on the reality that prevails in a given sports stadium with a given sports franchise sui generis.

The author met with Eric Parker and Anthony Soicher on the 25 January 2019 in order to explore whether it was possible in their view for cricket stadiums in South Africa to be multi-purposed into entrepreneurial hubs on the one hand, and whether it would be possible to franchise such an arrangement on the other. Eric Parker is an expert in creating franchises, and Anthony Soicher is an expert in information technology and multimedia. Eric Parker created the Seattle Coffee franchise and played a founding role in franchising Nandos. He also assisted in franchising Sorbet. Anthony Soicher works cooperatively with Eric. Eric Parker explained that the process of multi-purposing Wanderers will provide very important lessons, which will need to be replicated in other stadiums that seek to serve similar stakeholders across the whole of South Africa on a step by step basis. You create intellectual property as you progress with building the new business model. After a while it can be expected that the multi-purposing of sports stadiums will start to follow a regular pattern. This pattern can then be converted into a business model that can be subjected to the necessary tests to enable it to be converted into a franchise. It is very important that this franchising process
should be conducted in an orderly manner so that the lessons can be systematically documented. It will fail if it is conducted as a disordered rush. It is foreseeable that the concept of multi-purposing stadiums in South Africa could be converted into a franchise or sets of franchises. These franchises would obviously continue contiguously with the existent sports franchises

**Standard Bank’s Business Incubators for Entrepreneurs**

Business incubators and entrepreneurial hubs are being established across the major cities of the world. The top cities leading the creation of entrepreneurial hubs and business incubators at the moment are:

1. London
2. Berlin
3. Paris
4. Barcelona
5. Stockholm
6. Amsterdam

Standard Bank’s Incubators and entrepreneurial hubs, provide support that: “includes business development, acceleration and help with design and prototyping of products, which is normally a major barrier to entry for entrepreneurs.”

Jayshree Naidoo who was the Director of the Entrepreneurial Hubs and Business Incubators at Standard Bank expressed their purpose thus:

“Whilst traditional business development in the form of courses, access to information on how to run a business, coaching, and mentoring are essential to give entrepreneurs vital survival tools, there is a great deal more to be done. Innovation is the new business currency. Being a successful business, large or small depends on how efficiently you can bring new ideas to the market, or convert existing products and services in such a way as to create new markets. Value chains are in urgent need of individual members, who can refresh the way that they function, or, what they have to offer. However, new ideas have to prove themselves to be accepted and that carries a price tag... So, training innovators in business skills is one part of a much bigger need for funding, access to resources, and market access. Our incubators are focused on providing the full spectrum of

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6 Standard Bank Launches Incubators for Entrepreneurs 24 April 2015  

https://www.iol.co.za/business-report/international/paris-the-upstart-startup-capital-283030

8 Leading Innovation Hubs  

9 Leading Innovation Hubs  

10 Standard Bank Launches Incubators for Entrepreneurs 24 April 2015  
assistance. Breaking into established value chains is challenging. Via its incubators, Standard Bank can provide entrepreneurs with access to its own corporate network.

At the same time, the network will provide input as to what new skills, products, and services are needed to strengthen value chains. Standard Bank is also in a position to assist incubated entrepreneurs with access to funding that would be difficult to secure without proven products and services.

The business incubator is a co-working space for entrepreneurs. It will provide mentoring, coaching, and access to training in enterprise development and content delivery for corporates.

Entrepreneurs will have access to thought leadership and content, specific to their areas of interest. A separate space will be occupied by companies that will support entrepreneurs with innovation, branding and growth strategies. The Technical Incubator housed in Resolution Circle Towers, in collaboration with the University of Johannesburg, is fully funded by Standard Bank. This facility will provide entrepreneurs with access to technical support on manufacturing design, 3D printing, and design support, and new technologies thereby enabling rapid prototyping.

Once an innovator has completed a programme at one of the incubators, the Standard Bank incubation team will monitor his or her business for the next twelve months, measuring the growth of the business’s bottom line, its ability to build an asset of added value and create employment. Where additional mentorship is required it will be supplied.

The team expects up to 350 innovators – some of them Standard Bank employees who have or want to start a business that will not interfere with their work at the bank – to pass through incubators each year.

Because we will focus on the sustainability of innovative businesses the incubators have the potential to add 350 thriving business to the economy annually. And because the businesses will be fundamentally innovative, they will help lay the foundation for an extremely competitive producer economy that will attract investment in South African ideas.”

The Black Umbrellas as Business Incubators and Entrepreneurial Hubs in South Africa

In addition to the already mentioned Standard Bank entrepreneurial hubs and business incubators there are a growing additional number of excellent examples of this initiative. The Black Umbrellas is a case in point and could easily be linked up with the multi-purposing of sports stadiums into entrepreneurial hubs and business incubators.

“The Black Umbrellas was established as a non-profit enterprise, and is a development incubation organization with partners in the private sector, government and civil society that addresses the low levels of entrepreneurship and high failure rate of 100% black owned emerging businesses in South Africa. The programme focuses on promoting entrepreneurship as a desirable economic path, and through its incubators, nurtures 100% black-owned businesses in the critical first three years of their existence. Black Umbrellas works through a platform of cooperation between civil society, the

11 Standard Bank Launches Incubators for Entrepreneurs 24 April 2015
private sector and government so that the correct resources, skills development, mentoring, and access to markets are in place to support at all levels.

By providing a structured and subsidized programme and using a national footprint of business incubation offices, Black Umbrellas’ clients are afforded the expertise, office infrastructure and resources over the critical first three years of operation, to create the important foundations to achieve sustainable businesses.”

**Reality Check – Negative International Experience of Sports Stadiums as Financial and Developmental White Elephants**

Before being drawn into naively accepting that all stadiums can be multi-purposed into business incubators and entrepreneurial hubs it is imperative that we should note that there are many examples of stadiums being mismanaged, and becoming catastrophic failures. The tough lessons associated with these failures needs to be kept closely in mind, and overcome, if a sustainable business model for stadiums redesign is to be created. The failures are caused by bad sports leadership, appointment of weak and inappropriate people, unwise investments, unwise reasons for creating the stadium in the first instance, poor stadium design, vacuous political prestige, bad selection of location, wrong technology, and the embracing of a linear as opposed to circular economic mind-set when embarking on the project.

There are many cases across the world where sports stadiums have degenerated into white elephants. But, there are also an increasing number of fascinating cases where sports stadiums have been creatively managed and converted into important instruments of sustainable growth, not only for the sport itself but for the greater community as well.

Cases where sports stadiums have not generated the promised economic growth and human development include inter alia:

1. The Pyeongchang Olympic Stadium was built in South Korea in 2018 for the Winter Olympics at a cost of US$ 109 million. It was only used on four occasions, whereupon, the South Korean government deemed it a white elephant and ordered that it should be demolished. The South Korean government came to the deduction that they could not repurpose this stadium for other events. This is a classic example of linear economy thinking.
2. The Maracanã Stadium in Rio de Janeiro Brazil was built for the 2016 Summer Olympics. The electricity was terminated six months after the Summer Games were completed and it is falling into dereliction. The Olympic golf course and tennis courts have been vandalized and have failed to attract tenants. This failure seems to arise from very poor financial planning.

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12 https://www.cyrilramaphosafoundation.org/project/black-umbrellas
15 Sissi Cao Five Olympic Stadiums that were Abandoned after the Games 2 December 2018 https://observer.com/2018/02/olympic-stadiums-abandoned-after-games/
16 Sissi Cao Five Olympic Stadiums that were Abandoned after the Games 2 December 2018 https://observer.com/2018/02/olympic-stadiums-abandoned-after-games/
3. The Fisht Stadium at Sochi in Russia was built for the 2014 Winter Olympics. The Russian government intended repurposing it, but failed to find tenants. It has since started going to ruin. It appears that the Russian government had good intentions. But we all know where the road to good intentions lead...

4. The Athens Olympic Stadium was built for the 2004 Games. The Olympic Village was constructed as a cost of 9 billion euros. The government envisaged that the Olympic Village would be used as a tourist haven. This did not come to pass because of a sequence of financial catastrophes that befell Greece. It would appear that economic and financial force majeure caused the Athens Olympic Village to become a white elephant.

The stadiums failed on the Bell Laboratories viability test.

1. The stadiums projects were impractical to implement;
2. The stadium projects were not economically viable and bankable;
3. The stadium projects were not technologically feasible;
4. The stadium projects were not credible with the critical stakeholders;
5. The stadiums projects were not continuously adaptive and agile (and)
6. The stadiums projects were untimely.

Having acknowledged the existence of catastrophic stadiums at: the Pyeongchang Olympic Stadium in South Korea; the Maracanã Stadium in Rio de Janeiro Brazil; The Fisht Stadium at Sochi in Russia and the Athens Olympic Village, it is important to appreciate that these failures are just the tip of the iceberg. There are many more failed sports stadiums than the four mentioned above across the world.

From a Linear to Circular Economy

Before providing compelling cases of successful stadium development, which has included the creation of business incubators and entrepreneurial hubs it is necessary that these successful cases should be placed in an appropriate and modern economic framework. It is interesting that all the modern examples of successful modern stadium development have clearly fallen under the circular economic framework. What therefore is the distinction between a circular and linear economic framework?

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17 Sissi Cao Five Olympic Stadiums that were Abandoned after the Games 2 December 2018 https://observer.com/2018/02/olympic-stadiums-abandoned-after-games/

18 Sissi Cao Five Olympic Stadiums that were Abandoned after the Games 2 December 2018 https://observer.com/2018/02/olympic-stadiums-abandoned-after-games/

A visual framework of the circular versus linear economy will first be presented in the two figures below. This will enable you, the reader to immediately understand the differences between the circular and linear economy. You will be able to understand the principles of the circular economy at a glance. You will appreciate that the principles of the circular economy have been embraced into law in the advanced economies of the European Union and China. You will be confounded as to why South Africa and other developing countries have failed to embrace the circular economy.

South Africa and indeed almost all African states, most counties in Latin America, and many of the oil rich countries in the Middle East have a colonial history dominated by extractive mining, and have linear economies.

### Linear vs Circular economy

**Linear**
- Take-make-dispose
- Extractive; human & natural resources
- Sell/Use by date
- Short term, from purchase to sales
- Down cycling, single use, throw away
- 1st and 2nd industrial revolution economics
- Growing economies

**Circular**
- Reduce-reuse-recycle
- Eco-effective
- Long term, multiple life cycles
- Extend lifespan of products: upcycling, cascading and high grade recycling
- Useful application of materials
- Smarter product use
- Careful use of earth's finite resources
- Established economies: Denmark, Germany, Netherlands
A circular economy differs from a linear economy in a fundamental way. The main differences are found in the step plan that is followed, the perspective on what sustainability is, and the quality of re-use practices. The step plan, the nature of how sustainability is perceived and the quality of reuse practices will be explained below.

“A Circular Economy asks for new forms of governance in cities, regions and countries. Municipalities, provinces and governmental organizations can make a difference by making policies that contribute to a circular economy. Front running cities, regions and countries show best practices in how this can be done.” It should therefore be very interesting to South Africa’s contending political parties.

The circular economy is currently being legislated into existence by inter alia the European Commission. Braw (2014) explained that “the European Commission adopted a zero-waste programme, established a legal framework for an EU wide circular economy. According to the Commission, the framework will boost recycling and prevent the loss of valuable materials; create jobs, economic growth and new business models; and reduce greenhouse gas emissions. Amongst its goals are to recycle 70% of municipal waste and 80% of packaging materials by 2030. The Commission estimates that the circular economy can save EU businesses 600 billion euros. And perhaps unsurprisingly, some of its member states are far ahead of the EU in adopting circular economy legislations.”


It is perhaps due to sporting bodies focusing on the *city, region and country* that they appear to have naturally seemed to have aligned with the notion of the circular as opposed to the traditional linear economy. This is possibly because international sports teams contest in cities, regions and countries. The Indian Premier League, the ICC World Cup, the HSBC Sevens, the European Cup of Nations, the Six Nations are all classical examples of the *city, region and country* element of the circular economy manifested in global sporting events.

**Step Plan**

“A linear economy works according to the ‘take-make-dispose’ step plan. Resources are extracted and products are produced. Products are used until they are discarded and disposed of as waste. Value is created by maximizing the number of products produced and sold.”

In South Africa the linear economy applies to all fields of human endeavour. It is epitomized by the extractive mining industry, the coal driven energy sector led by ESKOM, overfishing of our oceanic resources, the canned hunting industry, the nonchalance in which Gauteng’s main artery of water, the Vaal is used as a chemical and sewerage waste dump, and most importantly the millions of our youth languishing in unemployment. Their absence of skills often render them unemployable and economically disposable. The iron rules of the linear economy are stringently applied to human beings who are deemed economically disposable. The burgeoning and chronic youth unemployment in South Africa is but one catastrophic feature of the linear economy. Apartheid, like many colonial systems was built on the presumption of the linear economy that human beings and physical resources are to be disposed after use.

“A circular economy works according to the 3R step plan of “Reduce, Reuse and Recycle.” Material extraction is reduced where possible by using less material. Products are made of reused parts and materials and after discarding a product, material parts are recycled. In a circular economy value is created by focusing on value retention. By keeping material streams as pure as possible during the complete value chain, the value of material is retained. Pure materials streams can be used multiple times to provide a certain functionality or service, whilst only making one investment.”

Under the circular economy, humans are educated and re-educated in a manner that enables re-invention along different career trajectories and imperatives. When your skills become redundant you have the choice of learning new skills and knowledge in order to offer new and relevant skills to the market place.

The circular economy invokes a sustainable mind-set that leads to the constant and relevant re-invention of human skills, knowledge and capability in alignment with the Reduce, Reuse and Recycle step plan. It categorically rejects the notion that our youth should not be enabled to continuously seek to transform their skills and lives’ into new capabilities and relevance. It therefore is congruent with the Cricket Pipeline and the transformation of cricket and indeed of human potential in South Africa.

**Sustainability through eco-effectiveness or eco-efficiency**

“In a linear economy sustainability is improved by focusing on eco-efficiency. This entails maximizing the economic gain which can be realized with a minimal environmental impact. This negative impact economy are: Denmark, the Netherlands, Scotland, Sweden and Japan. Interestingly China is devoting a great deal of attention to the circular economy and was the first to legislate it into law.
per economic profit is minimized in order to postpone the moment when the system is overloaded.\textsuperscript{23}

The leading international cities in the world in the circular economy at the moment are: Amsterdam, Rotterdam, Haarlemmermeer and Venlo. The leading regions are Guiyang China and Kalundborg in Denmark. Belgium, Netherlands Germany, United Kingdom, China and Japan are the leading countries in the world in initiating circular economies.\textsuperscript{24}

In a circular economy sustainability is improved by enhancing the eco-effectivity of the system. This means that next to minimizing the negative impact of the system, the focus is put on maximizing the positive impact of the system by radical innovation and system change.

Quality of Reuse

“The main difference between eco-efficiency and eco-effectivity lies in the quality of the reuse.”\textsuperscript{25}

The Ajax Amsterdam ArenA is designed to have a very high quality multipurpose reuse. It provides electricity for the city, football for the enthusiasts, entertainment for the masses, business incubators and entrepreneurial hubs for the economy, big data for the sponsors, to mention but a few of its circular offerings.

\textbf{The Ajax Amsterdam Football ArenA} (The ArenA is also known as the Johan Cruijff ArenA.\textsuperscript{26}) \textbf{Case One} -Wise Use of Sports Stadiums

“Surprisingly sports venues are pioneers in the promotion of financial, environmental and human sustainability. Many sports venues have jumped onto the sustainability bandwagon to construct or renovate their structure in a race to minimize their carbon footprint, preserve their green legacy and take the lead in innovation.”\textsuperscript{27}

The world famous Ajax Amsterdam Football ArenA is much more than a football stadium. It is a superb example of business innovation, and multi-purposability of sustainable sporting and financial business models. The football stadium is a business incubator for the city of the future. It is completely digitized and it is congruent with the Fourth Industrial Revolution. The thinking that underpins the Ajax Amsterdam Football ArenA is environmentally and financially sustainable following the principles of the circular economy.\textsuperscript{28} It is also most crucially humanly sustainable.


\textsuperscript{26} Duurzaambedrijfsleven.nl 13 May 2017 Amsterdam Arena: Incubator for the City of the Future http://www.johancruijffarena.nl/default-showon-page/amsterdam-arena-incubator-for-the-city-of-the-future


The sporting and stadium leadership at the Amsterdam ArenA have rejected traditional linear economic thinking as being inappropriate to sporting leadership. “Circular economics is a framework for addressing the economy that is restorative by design.”  The concept of the circular economy underpins the innovative offerings of the Ajax Amsterdam Stadium.

The Ajax Amsterdam Football ArenA are the home of the wonderfully successful and superbly branded Amsterdam Ajax football team. They are also a rapidly adaptive and multi-purposes stadium that is used to host both major sporting events and a multiplicity of very important non-sporting social events. The stadium is very highly utilized. The utilization is based on the coordination of diverse and innovative business models that provide sustainable revenue streams to monetize the stadium. The Ajax Amsterdam Football ArenA are creating a 5G (Huawei) multi media centre which will enable the spectators’ individualized three dimensional replays. They are an agile electronic events arranger. The Amsterdam ArenA is a business incubator. The stadium itself is a major supplier of energy for the Amsterdam grid. This is because the roof of the stadium is covered by solar panels which are backed up by large numbers of Nissan Leaf batteries, that are used for energy storage to be released onto the grid as and when required. They are big data analysts of major importance, providing crucial information on consumer and social behaviour. The Amsterdam ArenA is redefining the experience of sport and social events. It is of obvious relevance to how South African sports stadiums might be run. Amsterdam ArenA are an exemplar and is being closely followed across the world. It has an excellent fit with the modern expectation of the sporting experience, the utilization of multimedia to enhance that experience, big data analysis, disruptive innovation, business incubation and employment creation in the Fourth Industrial Revolution. All this is capped by the fact that they have developed a sustainable set of business models that serve the widening range of their stakeholders with ever increasing exactitude.

“According to Henk van Raan the chief innovation officer at Amsterdam ArenA, the ArenA is an: incubator, a knowledge centre and catalyst for innovation that will shape the city of the future. Looking beyond the current: take-make-waste extractive industrial model, a circular economy aims to redefine growth focusing on positive society wide benefits. It aims at gradually decoupling economic activity from the consumption of finite resources, and designing waste out of the system. Underpinned by a transition to renewable energy sources, the circular model builds economic, natural and social capital. It is based on three principles:

- Design out waste and pollution
- Keep products and materials that are currently being used in use
- Regenerate natural systems.”

“The stadium now has 4,200 solar panels on the roof and uses Dutch Wind energy to provide the remaining electricity needs. (In addition the ArenA is heated with urban heat from the local suburb) Diemen and it is cooled with water from the nearby lake Ouderkerkplas. Also in recent years the

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29 What is a Circular Economy? Elleen MacArthur Foundation
https://Elleenmacarthurfoundation.org/circular-economy/concept.htm


31 Amsterdam ArenA: Incubator for the City of the Future 13 May 2017
stadium decreased waste production by as much as 150,000 through working together with suppliers."\(^{22}\)

Amsterdam ArenA is a public-private partnership (PPP) initiative. Van Raan explains: “In other words the stadium was built with the help of social funding. Therefore we feel a responsibility to the area and want to return something to the society. Having made great progress in sustainability, in the past two years the stadium has been actively engaged in a new programme; innovation.

Van Raan reflects: “In terms of the container concept smart cities were asked to accelerate the development of smart applications for Amsterdam city.”\(^{33}\)

Van Raan appreciates that such innovations are essential for the sustainability of world cities like Amsterdam.

He observes: “where pressure on facilities such as shops, public transport and infrastructure is only increasing: Digitalization can play a major role in keeping cities liveable in the future. That is why there is a rising demand for smart applications. In the collaborative project that followed, the parties involved decided that all innovation important to the development of Amsterdam should first be tested in and around Amsterdam ArenA.”\(^{34}\)

The stadium also set up its own investment programme, reserving 50 million euros for innovation and sustainability. Van Raan confirmed that: “Our ambition is to be the world’s most innovative stadium by 2020, partly because in that year we will be one of the cities hosting the European Championships. We are bucking the trend in the market in a big way: we are not aiming to expand our stadium – which is the norm. We are focusing on innovation. Acting as incubator for innovations in the field of digitization immediately enables Amsterdam ArenA to explore the new economy. Van Raan expects digitization and the emergence of smart applications to bring about a major economic transition. Digitization inevitably leads to a transition from ownership to service. Mobility-as-a-service, lighting-as-a-service, energy-as-a-service. Indeed the future belongs to service.”\(^{35}\)

Van Raan reflected: “experience, customer travel, safety and security, sustainability and the circular economy and facility management are prerequisites for innovations in all these themes is connectivity.”\(^{36}\)

\(^{22}\) Amsterdam ArenA: Incubator for the City of the Future 13 May 2017

\(^{33}\) Amsterdam ArenA: Incubator for the City of the Future 13 May 2017

\(^{34}\) Amsterdam ArenA: Incubator for the City of the Future 13 May 2017

\(^{35}\) Amsterdam ArenA: Incubator for the City of the Future 13 May 2017

\(^{36}\) Amsterdam ArenA: Incubator for the City of the Future 13 May 2017
Energy Company

The first innovation is that Amsterdam ArenA created an energy company. It uses Nissan Leaf Batteries to be deployed to support and stabilize the national grid, at times of peak demand and supply.

“A dramatic uptake of electrical vehicles has taken place in Europe, and a massive electrical car storm is expected in South Africa.” Van Raan estimated that “if some 10% of the population is driving around in electric cars by the year 2020, 10% of the parking in the Amsterdam ArenA will have to facilitate that electric energy source. This means that on a busy day 1200 electric vehicles would be connected to the grid. This would equate to 32 megawatts of storage capacity and would cover the electrical demand for the entire district. Amsterdam ArenA are developing services of the future based in the storage battery. At present the Amsterdam ArenA is the first and only stadium to offer energy storage as a service. Other stadiums across the world are in a hurry to start.” The parking zones outside of the sports stadiums in South Africa could therefore be used to charge electrical vehicles, and thereby create an additional stream of income. This would be regardless of whether a sporting event, or other event is being staged at the stadium or not.37

Changing Management and Leadership Roles in Running Sports Stadium

Initiatives like the storage battery are changing the role of Amsterdam ArenA in the surrounding region. Van Raan summarizes thus: “Our core business is, and will always be hosting events, focusing on football, but at the same time we are increasingly becoming the incubator and driver of innovation and new developments in the field of sustainability and digitization. Or role in this is getting bigger the more knowledge and experience we gain. Basically a city is one big piece of hardware. The only way you find out how that hardware works and what improvements would be possible is by making yourself part of it. By getting involved right in the middle of things. The ArenA has been active in Amsterdam Zuidoost for years. Now we are becoming a knowledge centre in the field of multi-functionality, sustainability and innovation in the region. By 2020 Amsterdam ArenA has to be the most sustainable and innovative stadium in the world. The stadium has a 5G network and is acting as laboratory for big data applications. External SME innovators can now use the ArenA to test drive big data applications.”

Sydney Olympic Park used for the Sydney Sports Incubator38 Case Two- Wise Use of Stadiums

The Sydney sports and lifestyle precinct is internationally renowned for its development of “state of the art” sporting incubator excellence. The Sydney Sport Incubator (SSI) is housed at the Sydney Olympic Park which was built for the summer Olympics in 2000. The Australians have used this facility wisely, and for the greater good in creating the Sydney Sports Incubator. This might well be a

37 Amsterdam ArenA: Incubator for the City of the Future 13 May 2017

38 Explore, Innovate and Create Start-up Incubator Program source http://sydneysportsincubator.com/ and https://sports-gsic.com/
contributor to the extraordinary excellence of Australian sportsmen and women over the past two decades.\textsuperscript{39}

The SSI has a dedicated sporting focus. It was designed to assist start-ups, establish and enable access to customized sporting advisory services, mentorship and educational support, and to commercialize sporting products and services into sustainable revenue streams.\textsuperscript{40} The Sydney Sports Park is therefore a specialized sporting business incubator and entrepreneurial hub. It is concerned with three scenarios:

1. “Digital Transformation – they seek to bring the digital transformation to the sports entities all over the world and help tech companies grow
2. Meeting Point- The are a world reference meeting point for the sports industry on an international level that provides its ecosystem, exclusive contacts and offers unique opportunities.
3. Innovation – They believe innovation and talent, transparency of activity, total dedication to their associates and the projects that they engage in, and the manner in which they are conducted.”\textsuperscript{41}

“The Sidney Sport Incubator is a joint venture between the New South Wales Institute of Sport (NSWIS) and the Sydney Olympic Authority (SOPA). It designed a range of innovative products and services including: ground breaking sporting software, state of the art expert sports training, provision of sports services, and the design application intended to improve “the health, wellbeing and performance of sportsmen and women...The Sydney Sports incubator (SSI) brings together a powerful collective thought leadership, around science and technology, innovation and commercialization. Start-ups operating from within the Sydney Sports incubator will gain additional benefit through the core networks which include a multitude of universities, research programmes and corporate partners across the fields of life sciences, deep technologies, sport and manufacturing.”\textsuperscript{42}

**Arsenal’s Innovation Lab Case Three - Wise Use of Stadiums**

Zac Glover (2017) observes that “professional sports teams are increasingly involved in technology and innovation. So much so that some franchises go as far as launching hubs dedicated to the investment and incubation of start-ups, in the hope that it will positively impact upon both athletic and business performance. The list of professional sports teams with innovation labs includes: FC

\textsuperscript{39} Explore, Innovate and Create Start-up Incubator Program source \url{http://sydneysportsincubator.com/} and \url{https://sports-gsic.com/}

\textsuperscript{40} Explore, Innovate and Create Start-up Incubator Program source \url{http://sydneysportsincubator.com/} and \url{https://sports-gsic.com/}

\textsuperscript{41} Explore, Innovate and Create Start-up Incubator Program source \url{http://sydneysportsincubator.com/} and \url{https://sports-gsic.com/}

\textsuperscript{42} Explore, Innovate and Create Start-up Incubator Program source \url{http://sydneysportsincubator.com/} and \url{https://sports-gsic.com/}
Barcelona, Los Angeles Dodgers, Minnesota Vikings, Philadelphia 76ers- and now English Premier League team, Arsenal F.C."

The Arsenal Innovation Lab is similar to the Sidney Sport Incubator inasmuch as both are business incubators with a specific sports focus. It will focus on:

1. Improving the Match Day Experience;
2. Engaging Fans Globally;
3. Transforming Partner Offering;
4. Building a Retail Operation for the Future;
5. Connect with Innovative Technologists and Entrepreneurs that can Help Take the Franchise Forward.44

**The Challenge of Drawing Millennials to Watch Games at Sports Stadiums45**

The question of the spectator’s lived experience and expectations of the match is having a definitive impact on the viability of sports codes. The experience across stadiums throughout the world indicates that millennial fans leave stadiums when there is insufficient Wi-Fi connectivity. They abandon watching matches if they cannot get connected. Sports teams and stadium management are now finding that they are obliged to embrace digital technology if they are to improve the fans experience and work off a sustainable business model. The Fourth Industrial Revolution has created a new multi-media lived experience of the match for spectators and players alike. The same digital principles are playing themselves out in both vocational university education, for example with the offerings of Massive Open Online Courses (MOOCs) for free by the leading universities across the world. It is therefore imperative that sports stadiums on the one hand and business incubators and entrepreneurial hubs have very high quality Wi-Fi connectivity. This connectivity can be accessed when the stadiums are not used for sporting events and can be re-deployed for other purposes that are central to their sustainability.

There are three reasons that stadiums are pushing to improve connectivity:

**Changing demographics**

Changing demographics of fans is one of the reasons stadiums are adding Wi-Fi. Connectivity is especially important to younger fans, particularly those in college. The American experience of millennials at college football matches is instructive. These matches prior to the digital revolution were packed with supporters. It has been found that now the fans leave college games at halftime if there is no internet connectivity to upload photos or to use social media. Madox asserts that teens are not prepared to watch a match that is lodged in a connectivity black hole and stadium management realized that they are compelled to satisfy this requirement to remain viable.

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43 Zac Glover Arsenal Launches Innovation Lab Dedicated to Sports and Technology 15 September 2017

44 Zac Glover Arsenal Launches Innovation Lab Dedicated to Sports and Technology 15 September 2017

45 Teena Madox Stadiums Race to Digitize: How Sports Teams are Scrambling to Keep Millennials Coming to Games
https://www.techrepublic.com/article/how-sports-teams-are-scrambling-to-keep-millennials-coming-to-games/ Downloaded on 4 February 2019
Luring fans away from the big screen at home

It is a lot cheaper and usually more comfortable to watch a match at home, or from a sports bar. Madox cites a recent Cisco study that revealed that 57% of fans prefer to watch the game at home. The reasons for this include the lower cost of watching the match, the comfort of having your own facilities at home, uninhibited discussion with family and friends about the match, internet connectivity and so on.\(^{46}\)

CISCO found that the added experience of Wi-Fi creates a unique lived experience for the spectator, which is not obtainable elsewhere. Millennials enjoy bragging to their friends in real time on social media that they are in attendance at the match. Sharing the experience is part of their fun and enables collaboration.\(^{47}\)

They need to provide Wi-Fi with instant replays with different camera angles the ability to order food and access other applications that that are in the stadium. It is a lot cheaper, easier for a fan to watch the big game in their family room.

Boosting revenues

Madox also confirms that Wi-Fi connectivity generates revenue for stadiums, additional purchases of food and drink, or merchandise, or seat upgrades. A really interesting development is that stadiums are being used for big data analysis. It gives us the ability to gather big data on our customers. It really allows stadium managers to tailor their applications to the spectators needs. How we develop that application and interact with consumers, and the boutique of electronic theatre information that is made available for interaction with spectators has a determinant impact on the quality of the lived experience of the spectator. Millennials use Wi-Fi because is increases fan engagement especially by creating an immersive mobile experience.\(^{48}\)

Very sophisticated Apps are being designed to get instant replays, and to allow spectators to watch multiple camera angles on their mobile devices at the stadium. The latest technology and Apps enable fans to order food and drinks from their seats and also to upgrade their seats and parking as soon as they arrive at the stadium.\(^{49}\)

\(^{46}\) Teena Madox  Stadiums Race to Digitize: How Sports Teams are Scrambling to Keep Millennials Coming to Games  https://www.techrepublic.com/article/how-sports-teams-are-scrambling-to-keep-millennials-coming-to-games/  Downloaded on 4 February 2019

\(^{47}\) Teena Madox  Stadiums Race to Digitize: How Sports Teams are Scrambling to Keep Millennials Coming to Games  https://www.techrepublic.com/article/how-sports-teams-are-scrambling-to-keep-millennials-coming-to-games/  Downloaded on 4 February 2019

\(^{48}\) Teena Madox  Stadiums Race to Digitize: How Sports Teams are Scrambling to Keep Millennials Coming to Games  https://www.techrepublic.com/article/how-sports-teams-are-scrambling-to-keep-millennials-coming-to-games/  Downloaded on 4 February 2019

\(^{49}\) Teena Madox  Stadiums Race to Digitize: How Sports Teams are Scrambling to Keep Millennials Coming to Games  https://www.techrepublic.com/article/how-sports-teams-are-scrambling-to-keep-millennials-coming-to-games/  Downloaded on 4 February 2019
Considerations for Successful Sport Stadium Development

In South Africa we have an abundance of underutilized sports stadiums, some of which were constructed for the World Cup Football tournament that was held in this country. We do not at this stage need to build any new sports stadiums until such time as the current availability is fully utilized. It is clear that those stadiums that we do have need to be multi-purposed to ensure sustainable income and the greater good. Madox made the point that in recent years spectators consume the match experience in very different ways from the past and KMPG International anticipate that this will accelerate in years to come.

Von Gerkan, Marg and Partners, Architects, Sartori, Andrea & Nienhoff, Hubert of KMPG assert: “The increased use of technology means that stadium operators now have to compete with broadcasters who provide ground-breaking 3D experiences and state-of-the-art media platforms, capable of engaging fans in their own living rooms through various communication devices.

The challenge is how to bring the living room experience into the venue in order to retain and grow a supporter base which is increasingly technology minded.

Understanding the spectators’ needs and requirements is of paramount importance for developing a venue capable of maximizing fan engagement, the commercial opportunities deriving from a modern stadium and consequently the project stakeholders’ return.

Stadiums are often built as iconic landmarks, which define city skylines with innovative design. Especially when integrated in mixed-use developments, they can play a key role in urban regeneration.”

These experts have found that “due to the high complexity and technicalities involved in project such as a stadium it is critical to engage - at the right time and at different stages of development – various technical specialists and experienced personnel.

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50 Von Gerkan, Marg and Partners, Architects, Sartori, Andrea & Nienhoff, Hubert KMPG 2013 A Blueprint for Successful Stadium Development