



MAAC CONSULTING FIRM

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# EXECUTIVE SUMMARY

This report deck explores the variety of effects that acquiring DAZN would have on Netflix through the use of multiple factors including— SWOT analysis, M&A considerations, Internal vs. external impacts, and our recommendations. This report will investigate these factors on a more detailed evaluation throughout the upcoming topics.

**Providing unique content could prove beneficial for DAZN, although it could limit their amount of substance to competitors.**

Exclusive content offered through the streaming service attracts customers. More customers can lead to more profit, but could be drawn back by being less known in other countries. This is limited through their weak market share within the US, as well as competing platforms that offer more variety with their content. DAZN does have opportunity to grow due to the decline in television subscriptions, making their content more valuable.

**With the purchase of DAZN, Netflix will be able to add sports content that will increase viewership amongst all demographics.**

Netflix has a major opening in its absence in the sports streaming market. DAZN as a young company would benefit from the strong market share possessed by Netflix, while Netflix will be able to explore a previously untouched market with in the company. Through DAZN, Netflix will be able to venture into the sports market where DAZN has already proven global success.

## Conclusion

Considering that difficulties may arise within DAZN's limited market share in the US and their lack of profit obtained over the past couple of years, DAZN may seem detrimental to acquire. Although there are factors against, DAZN's unique content, the opportunity for Netflix to diversify their services with live on-demand content, DAZN's prominent culture, as well as the simplicity of acquiring DAZN, provides that Netflix should acquire this company. On that account, DAZN should be acquired for its niche consumer market and future benefits, however Netflix should be conscious of DAZN's limited content within the industry.

**Although there is a competitive sports market and fiscal issues, Netflix should acquire DAZN due to its potential growth, given ample funding.**

The sports market is very competitive, and DAZN has had a hard time gaining profit. However, it would still be a good acquisition for Netflix because it would be a simple transfer. DAZN already has their own employees, and their recent funding will provide them with opportunities to eliminate debt and raise budgets. This would allow Netflix to fund more projects and increase their profits which will lead to more success.

**The acquisition of DAZN would provide Netflix with the opportunity to expand globally and diversify their services by adding sporting events.**

Although Netflix is the most popular streaming service in the world, they fail to provide their subscribers with any sporting events content. Netflix's largest market is in the United States, and the acquisition of DAZN could help them expand globally, specifically in European and Asian countries where DAZN is most popular.







# SWOT ANALYSIS



# DAZNS' BRAND RECOGNITION IS LEVERAGED BY EXCLUSIVE SPORTS CONTENT, GIVING THEM A COMPETITIVE EDGE

Being recognizable as well as unique compared to competitors, gives DAZN an upper hand with their content

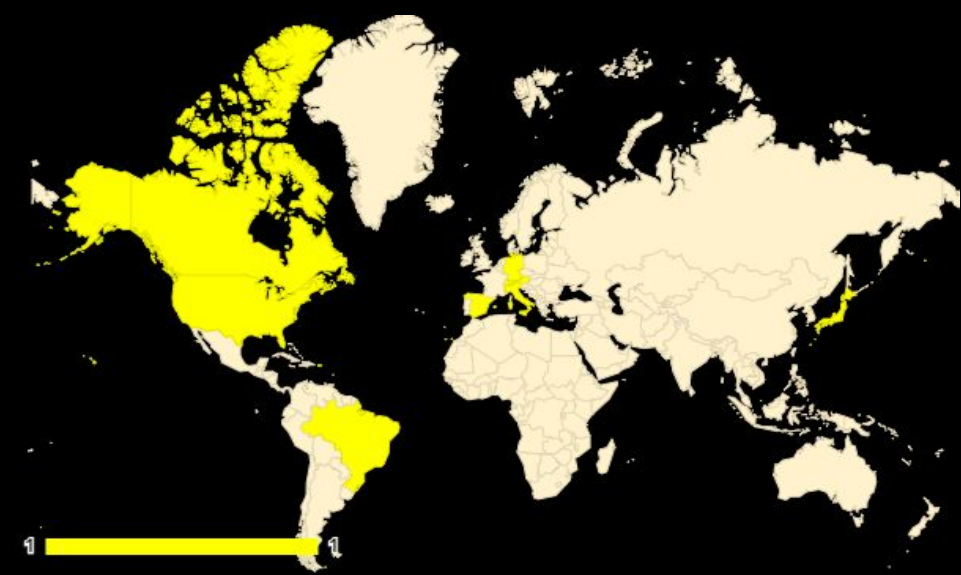
**Brand recognition is significant to DAZN and continues to increase, globally as well as in the US.**

Beginning in the UK, DAZN has grown their subscriber base to multiple different countries worldwide since starting their company in 2016 (Biddiscombe, 2018). This is a surprisingly wide span of market, considering how new the company is. Not only have they grown worldwide, but they have begun made their mark within the US. In a study conducted by Alexander Kunst (2022) observed that “When it comes to video-on-demand users, brand awareness of DAZN is at 30% in the US” (Para. 1). Considering the vass amount of competitors within this market, already having a foot in the door of consumers, can only predict exponential growth for DAZN in the future by providing customers with new content..

**Within the world of sports, DAZN is the first streaming service worldwide to offer global live and on-demand streaming service for their customers.**

Focused on changing the way people watch sports, DAZN has brought a unique approach to providing customers the opportunity to watch their favorite sports within the confines of their own homes. Looking into a study of the best sports streaming services by Key and Minor (2022), DAZN made it in the top 10, mainly because it offers exclusive content that competing companies do not offer. DAZN has built new technology of a simple, “frictionless, interactive ecosystem where fans can find everything they need, every day - from live events to multi screen viewing, news and highlights, ecommerce, gaming and much more.” (DAZN, 2022, Para. 6). The simplicity and interactiveness of the platform strengthens DAZN as a company because they offer the effect of scarcity with their products. As they continue to grow, DAZN still faces difficulties gaining access into the US market share, as well as competing for different content offered in the country.

**DAZN’s growth has spread across the globe since beginning their company in the UK.**



Original Graphic; [DAZN](#)



# DAZN HAS STRUGGLED WITH ITS LIMITED CONTENT AND ABILITY TO OBTAIN A STRONG MARKET SHARE WITH IN THE U.S., WHICH COULD CAUSE SLOW INTEGRATION INTO AMERICAN MARKETS

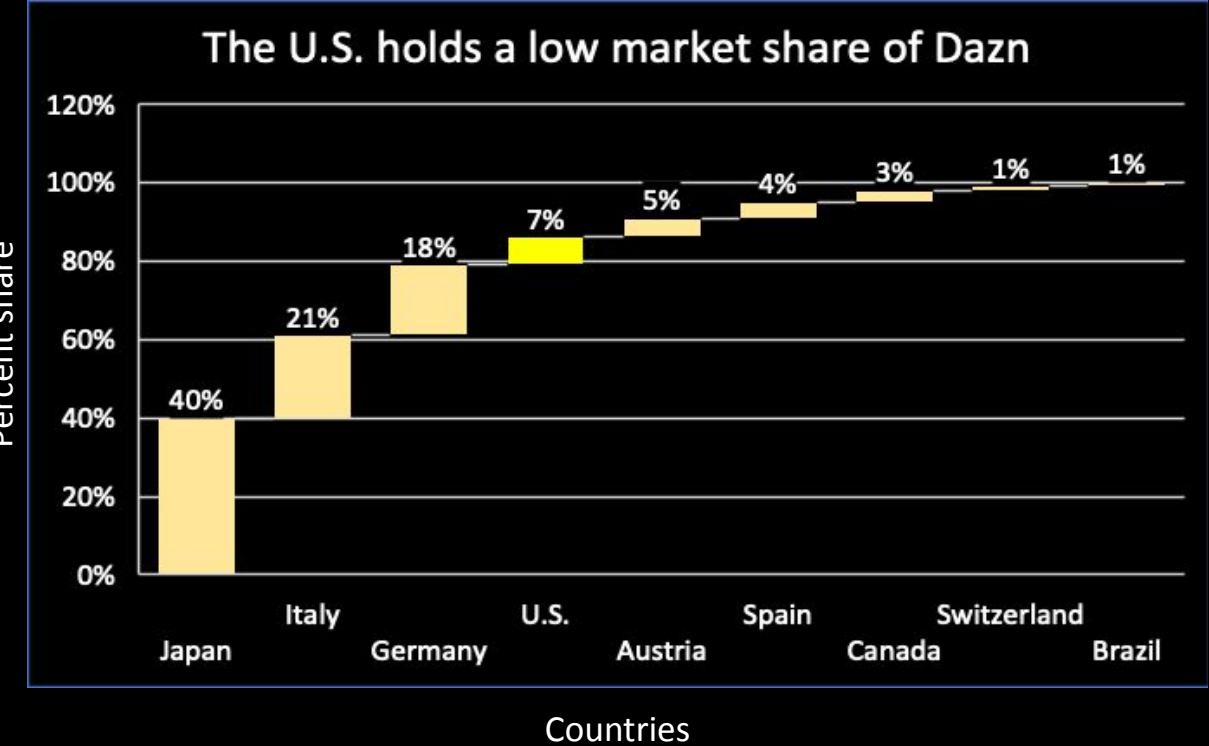
Having a steady hold on the U.S. market is important for any streaming service to reach its full potential.

## The inability to penetrate U.S. markets will cause financial issues within DAZN’s ability to expand

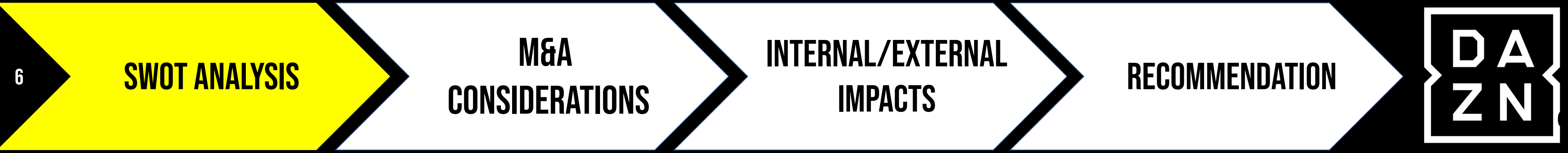
Since DAZN is a company based out of the U.K. they had no market share to start in the U.S. This has lead to the U.S. only holding 7% of all revenue with in DAZN. The U.S. market also only holds 10% of all DAZN subscribers, which is around 8 million (Taylor, 2020). Without the ability to gain a stronger share in the U.S. DAZN is missing out on one of the most profitable sports viewing countries in the world. The United States had over 57.5 million viewers that had at least one month's worth of digital sports streaming (Pennington, 2022). This is a large market to not be taking full advantage of and if DAZN is unable to take a sizeable share may need to shift focuses into other countries. DAZN’s largest struggle in gaining market size is seen in there recent problems of obtaining content that is popular in the U.S.

## DAZN has struggled to secure major sports streaming deals within U.S. borders, which has caused a lack of content for American consumers

DAZN is currently not showing 4 of the top 5 streamed sports in the U.S. and has extremely limited games in the one other (soccer). The largest missed sport market is the NFL, which is projected to have 114 million average viewers. This is a higher average viewership then the next 10 most viewed sports combined (Gurung, 2022). In 2019 DAZN’s top 10 most viewed events all involved sports unavailable in the U.S. or boxing/wrestling (Dawson, 2019). Boxing is expected to be the 8th most popular sport this year in the U.S. (Gurung, 2022). There is a very noticeable gap in content within U.S. borders between that 1-7 spot where there is little to no revenue being made by DAZN. These issues, while not ideal, will also open up opportunities within the sports streaming market.



Original graphic, Midia research





# THE RECENT DECLINE IN TELEVISION SUBSCRIPTION SERVICES PROVIDE GROWTH OPPORTUNITIES FOR DAZN BY OPENING UP A NEW MARKET OF CONSUMERS WHO HOLD ONTO THEIR CABLE SUBSCRIPTIONS ONLY FOR LIVE SPORTING EVENTS

Comparing the two data sets of the decline of cable television and the use of cable television to watch sporting events allows us to find growth opportunities for DAZN, specifically in the market of cable television subscribers.

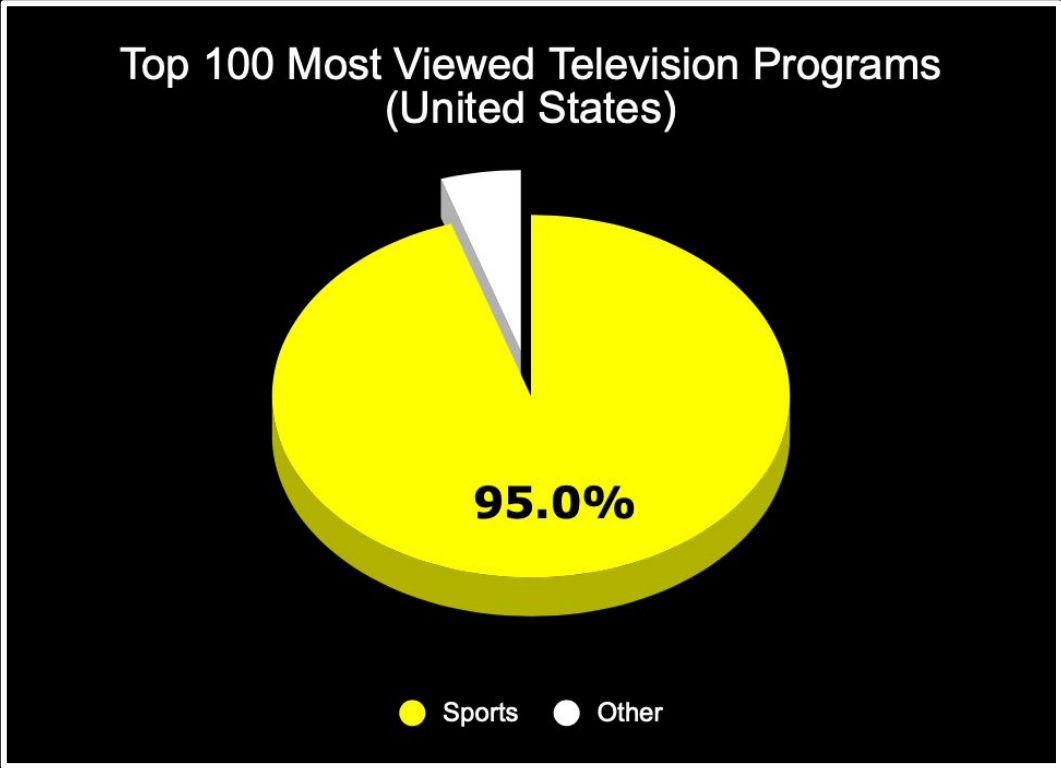
**Cable television subscriptions in the United States have been quickly declining in recent years and are being replaced with streaming services.**

A study conducted by Insider Intelligence predicts that by the year 2023, less than half of United States households will have a cable television subscription. This conclusion came after data that cable television lost more than 25.5 million subscriptions between the years of 2016 and 2021 (Lebow, para. 1). As seen on the graphic provided by Statista, as cable subscriptions decrease, streaming service subscriptions, specifically Netflix, increase. In 2017, the number of Netflix subscriptions officially surpassed the number of cable television subscriptions (Richter, 2017).

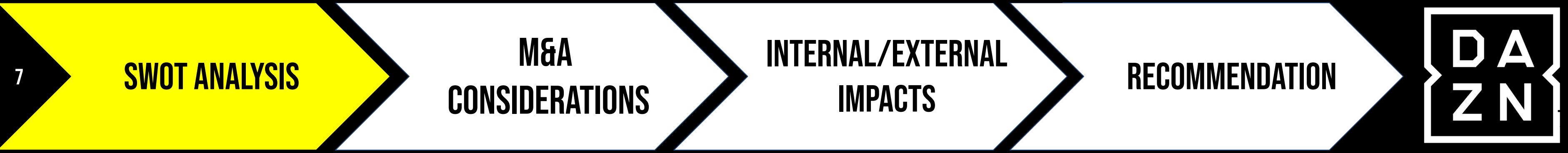
**DAZN is a more affordable replacement for consumers using their cable subscriptions for live sporting events alone.**

In 2021, 95 out of the top 100 most viewed television programs in the United States were live sporting events, according to the New York Times (Mickle, 2022). Through the overwhelming popularity of sports on cable television, it can be concluded that a large portion of cable television subscribers keep their subscription for sports alone. Consumers who stay on their cable television plan so that they have access to live sports should be a specific target market for DAZN. The average cost of a cable subscription in the United States is \$217.42 per month (LaPonsie, 2022). DAZN, priced at \$19.99 per month or \$149.99 per year, can be the solution for those consumers who look to get off of cable because of its high cost, but choose to stay because of access to the live sporting events.

This growth opportunity would allow DAZN to increase their brand awareness and compete with other streaming services.



Original Graphic; [New York Times](#)



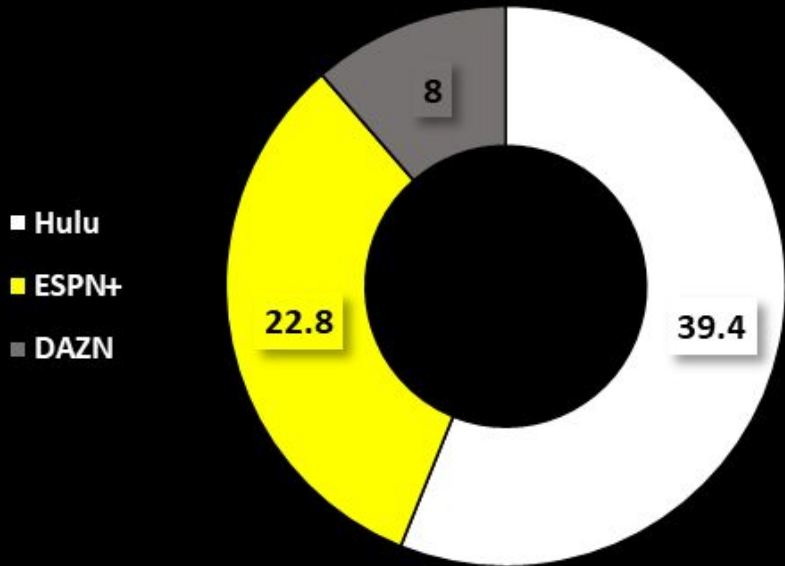
OTHER LIVE SPORTS PLATFORMS, SUCH AS ESPN PLUS AND HULU, HAVE MORE NAME RECOGNITION AND PROVIDE MORE PROMINENT SPORTS AT BETTER PRICES THAN DAZN CURRENTLY.

ESPN Plus and Hulu have seen much success doing live sports, and have mastered the art of increasing consumers and providing good services at low prices.

**ESPN Plus is a major threat to DAZN, providing the same services and more, for a much lower price.**

ESPN Plus is the number one reason DAZN hasn’t taken off. The name recognition alone is enough to steer people away from a platform like DAZN, and go to where the brand name has much more credibility. The name recognition isn’t the only factor, however, ESPN Plus is also much more efficient than DAZN. “They offer all the same sports that DAZN makes the majority of its revenue from, while also offering live stats and analytics, analysis shows, and documentaries.” (Callahan, para. 8-9) DAZN does not offer all of the extra benefits, they only offer the streaming of sports. “They also have an exclusive streaming partnership with UFC, being the only place where fans can watch official UFC pay-per-view events.” (Callahan, para. 14) This is extremely damaging to DAZN, given the fighting world is where it gets most of its viewers. A bigger platform like ESPN having exactly what DAZN has and more for their most profitable service is not good for DAZN. Not only does ESPN offer so much more than DAZN, a subscription to ESPN Plus is less than half the price than a subscription to DAZN. Offering less services, at lower quality, and at a much higher price, is not the recipe for success.

**Hulu and ESPN+ have many more subscribers (in millions) than DAZN**



Original Graphic; [Backlinko](#), [USnews](#), [BoxingJunkie](#)

**Another threat to DAZN is Hulu, who has access to many channels that offer live sports that DAZN does not have access to.**

It seems to be known across the country that Hulu has live sports, while many across the country don’t even know what DAZN is. “Hulu has access to all of the major sports channels, like CBS, the ESPN channels, the FOX channels, NBC, and the NFL channels.” (Cutters, para. 2) If DAZN wants to increase their viewers in the United States, they would need to offer popular American sports that services like Hulu do not. Hulu is booming with subscribers because they have a recognizable name and great services that DAZN does not have.

This threat is one of many considerations Netflix needs to take into account when deciding to acquire DAZN.







# M&A CONSIDERATIONS



WHILE THERE HAS BEEN A STEADY INCREASE IN REVENUE , THE STAGGERING LOSSES AND RECENT AND 4.3 BILLION IN RECAPITALIZATION WITHIN DAZN WILL MAKE IT HARD FOR THEM TO BE PROFITABLE IN UPCOMING YEARS

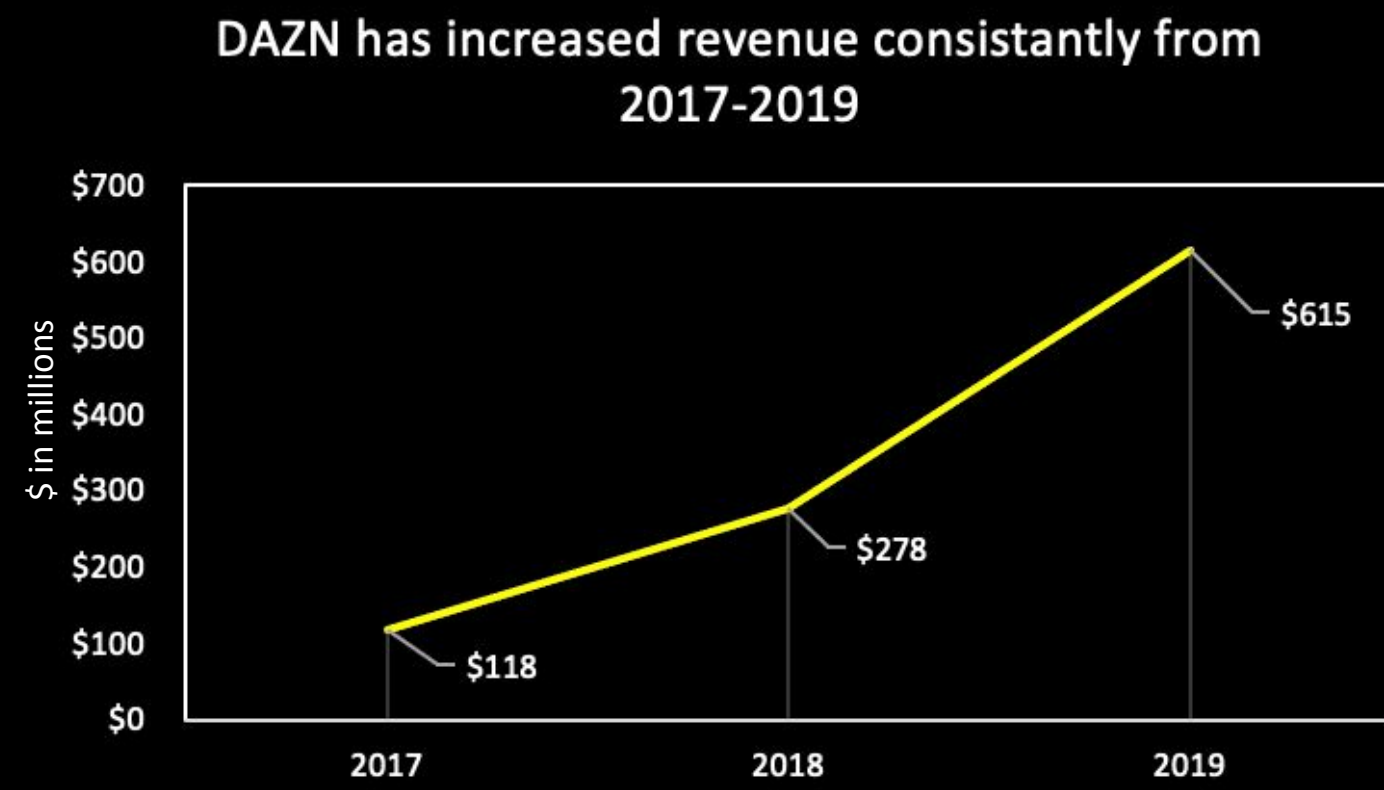
Revenue is the key component in the valuation of a company and is often the driver in choosing in acquisition.

DAZN’s increase in revenue over the years shows promise to their profitability in the future

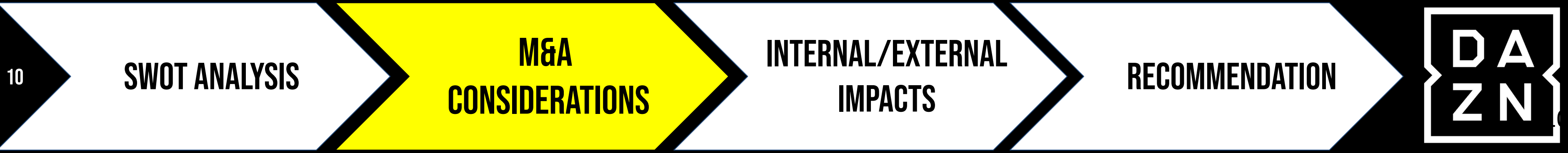
DAZN has increased its revenue at a very rapid pace over the last couple of years starting in 2017. In 2017, their revenues sat just over \$100 million and by 2019 were able to reach over \$600 million (Taylor, 2020). This shows great promise in the future of DAZN’s profitability and that they are on track to continue to increase in value. MAAC Consulting would expect to see this strength in revenue begin to overcome some of the heavy losses that they have been taking over the same span of time. These losses have been the largest red flag when looking into the profitability of DAZN and has yet to be proven that they will not be a permanent issue with in the company itself.

DAZN’s massive losses are causing issues with the ability for the company to turn a profit

DAZN has dealt with issues when it comes to its losses in which its owner Len Blavatnik has dumped heavy amounts of capital into the company with his recent \$4.3 billion recapitalization of the company (Hellier, 2022). The need for it’s owner to dump capital into the company to keep it a float is concerning and could cause to company to become a leech for Netflix if profit does not increase. DAZN will need to prove its ability to profit independently to be able to make a strong acquisition for Netflix. Until its able to prove the increase in profitability its strengths will lie in its global diversification it could add to Netflix's arsenal.



Original graphic, Midia research



# IN ACQUIRING DAZN, NETFLIX WOULD EXPAND TO A NEW CONSUMER MARKET INTERNATIONALLY, BRINGING WITH IT PROFITABILITY AS WELL AS POPULARITY ON A GLOBAL LEVEL

DAZN brings a consumer market that Netflix could improve from, thus making it an profitable acquisition.

## A new consumer market of on-demand sports watchers could improve the profitability of Netflix.

In the article *Benefits of Entering a New Market* (2016) it explains that “Arguably the biggest advantage of entering a new market is simply having a whole set of new consumers at your fingertips who are edging to buy the product and service” (Freeman, Para. 2). On-demand sports is a new product that has made significant revenue globally within the last couple of years. According to the *Center for the Digital Future at USC Annenberg and ThePostGame*, predicted \$64 billion of over-the-top (OTT) TV and video revenue would be generated globally (Golum, 2020). With Netflix having taken a step back in their subscribers these past couple of years, adding DAZN could draw customers to try their new product, thus increasing the amount of profitability and subscribers.

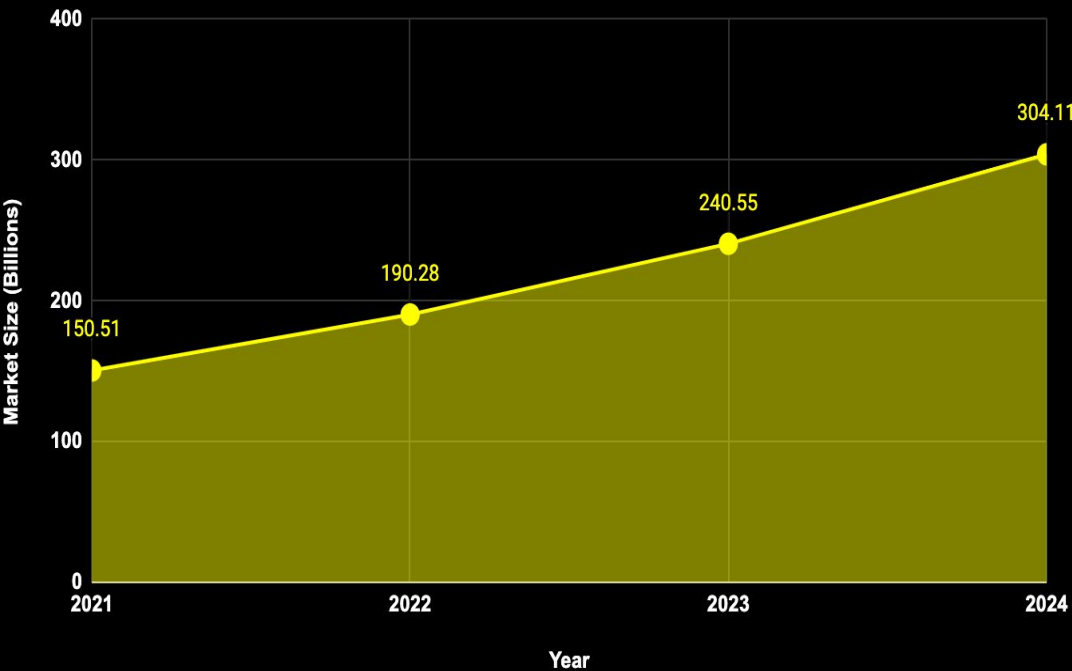
## Netflix has lower subscriptions in other parts of the world compared to the North America, partnering with DAZN could bring in these countries to increase their subscription volume.

When observing Netflix annual subscribers by region, there are more subscribers in US & Canada compared to Europe, the Middle East, and Africa (EMEA); USA & Canada having 75.4 Million, while EMEA having only 74 million (Iqbal, 2022). This difference shows that an improvement can be made to attract consumers within those neighboring countries. DAZN can bring this to Netflix due to their strong following in EMEA countries. They launched their company in Germany and Japan, in which their subscriber base has continuously grown over the past years (Shafer, Fuk, and Shandakas, 2021, Para. 6).

By acquiring their business, Netflix can obtain those subscribers and increase their following worldwide.

Over-the-top (OTT) revenue is on the rise in upcoming years.

Predicted OTT Market Size (Billions) per Year



Original Graphic; [Precedence Research](#)





**THE ADDITION OF KEVIN MAYER TO THE DAZN TEAM WILL PROVIDE DAZN WITH INSIGHT INTO COMPETITOR STRATEGIES, NEW GROWTH OPPORTUNITIES, AND EXPERIENCE THROUGH HIS PREVIOUS WORK WITH THE WALT DISNEY COMPANY**

This consideration involves an analysis of the resume and experience of business executive, Kevin A. Mayer, the new Chairman of the Board for DAZN. Mayer’s expertise in the industry could strongly benefit DAZN by launching programs that result in tremendous growth for the company, like he did for Disney.

**Successful business executive, Kevin A. Mayer came to DAZN in 2021 with an impressive resume that foreshadows the strategy and future growth of DAZN.**

Mayer graduated from the Massachusetts Institute of Technology with a Bachelor of Science Mechanical Engineering before going on to receive his Masters of Science in Electrical Engineering from San Diego State University. He then went on to Harvard Business School and completed his Masters of Business Administration in General Management in 1990. He spent over 14 years working for Disney; 10 years as the Executive Vice President of Corporate Strategy and Business Development, 2 years as the Senior Executive Vice President and Chief Strategy Officer, and 2 years as the Chairman of the Direct-to-Consumer and International Division of the company. He left Disney to become the Chief Executive Officer of Tik Tok for just under a year before the company was sold. From February 2021 to now, he has been serving as the Chairman of the Board at DAZN (Mayer, n.d.).

**Mayer’s experience with launch and success The Disney Bundle will be utilized within his work at DAZN to provide the company with growth strategies and could be used to launch a bundle package with Netflix.**

In this role as the Chairman of the Direct-to-Consumer and International Division of the company that he was in from 2018 to 2020, Mayer was responsible for the development and launch of ESPN+ in 2018, Disney+ in 2019, and oversaw the planning of The Disney Bundle, the package including Disney+, ESPN+, and Hulu, which became available in 2021 (DAZN). Disney+ and Hulu are both within the top 4 most popular streaming sites in the United States (Richter, 2021). ESPN+ has been growing rapidly since its launch and now has over 23 million subscribers (Stoll, 2022). When asked if he believes that DAZN will become a bigger player in the United States, he responds by saying that the focus of DAZN will continue to be in Europe and Asia, as that is where their key markets are located, but that DAZN in these European and Asian countries reminds him a lot of what ESPN+ is here in the United States (Sherman, 2021).

Kevin Mayer could assist Netflix in their diversification of services and global expansion through DAZN, like he did for Disney with ESPN+.



**IF NETFLIX ACQUIRES DAZN, THEY WOULD BE ABLE TO DIVERSIFY THEIR SERVICES AND VIEWERS, BY PROVIDING THE MOST PROMINENT SPORTS LIVE AND SPREADING ACROSS THE WORLD.**

DAZN reaches many different countries, and Netflix should consider this because it would give them more diverse services and consumers around the world.

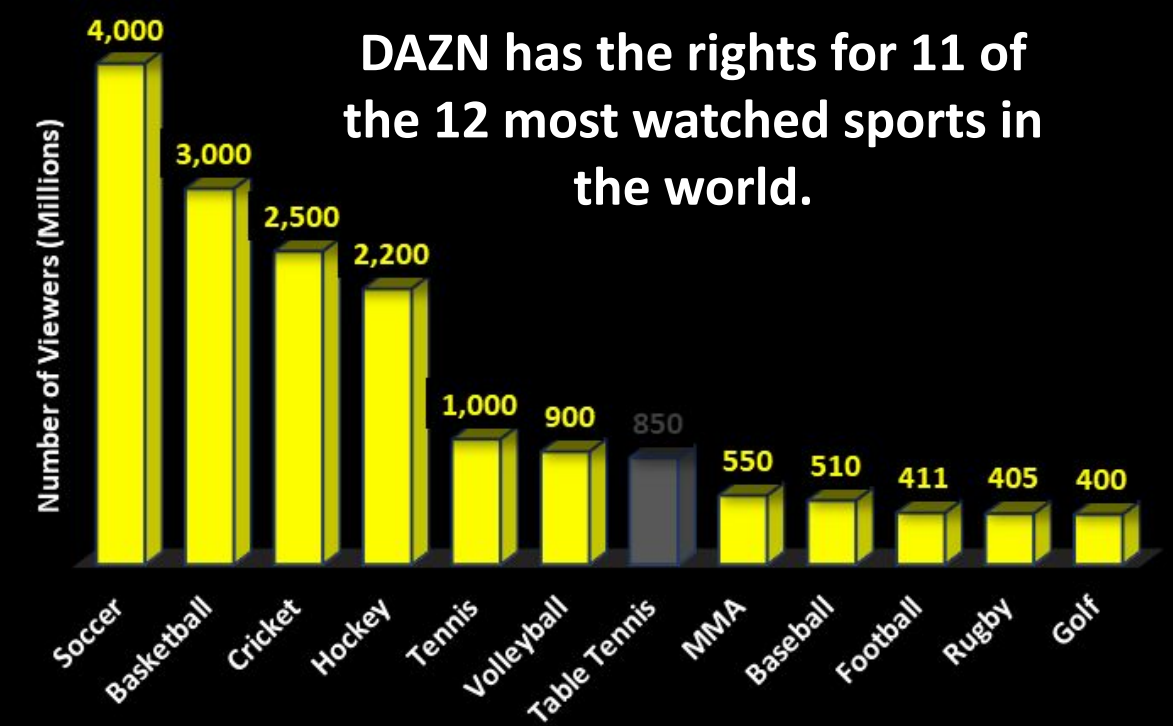
**DAZN’s live sports are a major consideration considering how popular they are in the entertainment sphere.**

DAZN is one of the best live sports streaming services in the world. “They have rights for 11 out of the 12 most watched sports worldwide, the only one they don’t have rights for being table tennis.” This is a huge consideration given sports are some of the most revenue generating events in television. “In 2019, over 150 billion people in the United States watched live sports at least once a month.” It is obvious how prominent sports are in the United States, and Netflix’s competitors, like Hulu and Amazon, have gotten into the sports world and have tremendously benefited from it. Diversifying its services to include live sports is something to consider when making the decision to acquire DAZN.

**Netflix should consider live sports when choosing whether to acquire DAZN or not because it would diversify their consumers by spreading them across the globe.**

“DAZN is currently available in nine different countries around the globe, and In 2020, they announced to expand into 200 different countries.” Many of the sports that DAZN offers are more popular internationally than they are inside of the United States, such as Soccer, Cricket, Hockey, and more. Acquiring DAZN would give Netflix an opportunity to globalize, since Netflix is much more popular in the states than internationally, and they should consider the availability to spread across the globe that DAZN brings.

Making these considerations is important for Netflix, because they have impacts on not only the company internally, but also people externally.



Original Graphic; [Kevmrc](#)





# INTERNAL/EXTERNAL IMPACTS





# THE ACQUISITION OF DAZN WOULD BROADEN THE SCOPE OF ORIGINAL CONTENT THAT NETFLIX IS ABLE TO OFFER WITHIN ITS PLATFORMS THROUGH THE ADDITION OF THE LIVE SPORTS AND EXCLUSIVE EVENTS OFFERED BY DAZN

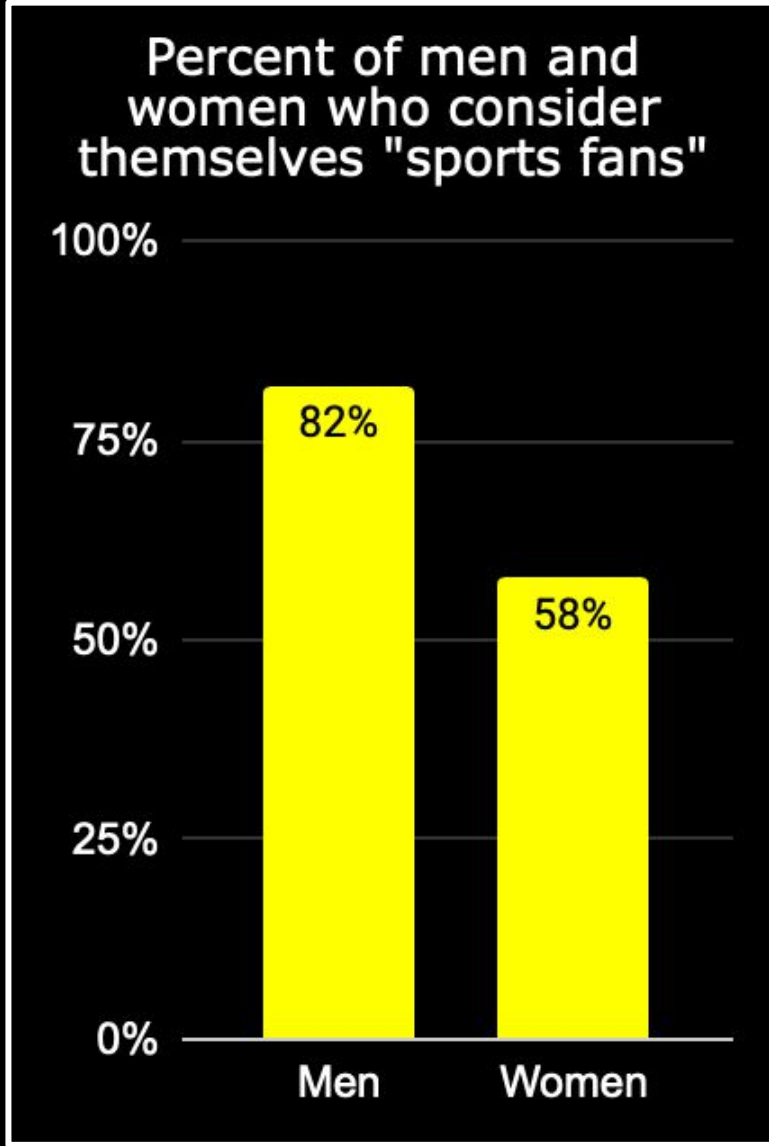
If Netflix is able to add sports to their list of exclusive content, they could market as an all inclusive streaming service for families that could be a replacement for cable.

**Netflix is the largest streaming service in the world, and is known for its exclusive television series and movies.**

Netflix offers a large array of television series, movies, and documentaries. Almost half of these films can be found on cable television or on other streaming platforms. However, over 50% of Netflix’s content is either original or exclusive (Hall, 2022). Their exclusive content is an impressive strength for Netflix. Stranger Things, Bridgerton, You, Emily in Paris, Tiger King, and Dahmer are all extremely popular Netflix Originals. Netflix could broaden their scope of original content by adding the exclusive sporting events that DAZN offers (Fish, 2021).

**Netflix needs to expand into sports in order to further market as a family-friendly platform.**

Netflix offers television shows and movies in all genres and for all ages. With the large quantity of content Netflix offers, the entire family is bound to find something they enjoy. However, they are missing a large category of entertainment: sports. Fathers and sons, specifically, use sports as a way to bond with each other, and watching live sporting event is often an activity for families. According to Statista, 82% of men would consider themselves a sports fan, compared to only 58% of women (Gough, 2022). Through the addition of sports, Netflix would be able to further market to families.



Original graphic; [Statista](#)

Along with broadening the scope of Netflix’s original content, DAZN would improve Netflix by contributing positive company culture.



# DAZN’S ADOLESCENCE WITHIN THE INDUSTRY, INCREASING CONSUMER INTEREST IN OVER-THE-TOP COMPANIES PAIRED WITH THEIR COMPANY CULTURE WOULD HIGHLY BENEFIT NETFLIX

DAZN would have a beneficial internal impact on Netflix, due to its newness within the world of streaming and its superb company culture.

## Adolescence of DAZN and increasing interest in over-the-top companies by consumers would highly benefit Netflix.

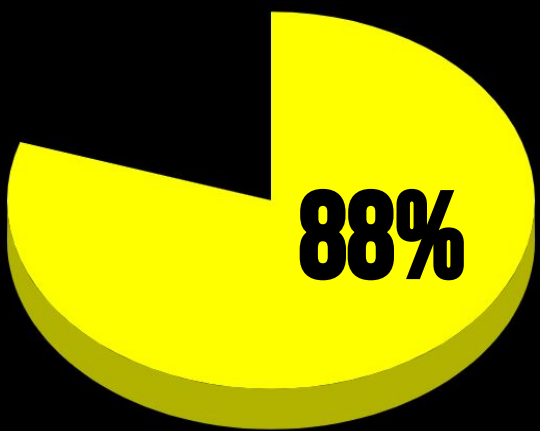
In the article *How to Evaluate a Potential Business Acquisition* (2019) it explains that “In an ideal world, you’re looking for businesses in an adolescent industry because they have innate growth” (Deibel, Para. 5). When observing DAZN, it can be concluded that it is a company has recently started and has had immense growth, very rapidly. For Netflix, this would be a great time to acquire them and unify both the companies. DAZN also brings the perk of being an over-the-top (OTT) company, which is becoming the new wave of how to watch live TV. Looking into U.S. Media and Entertainment Statistics it explains “OTT’s annual video revenue reached \$217.5 billion in 2021.And with no signs of slowing down, annual revenue is expected to reach \$281.7 billion by the end of 2022 and \$427.8 billion by 2026” (Flynn, 2022, Para. 21). Not only would this bring immense growth internally for Netflix, it would also highlight the simplicity of blending their cultures.

## Netflix’s culture revolves around high performance, not employee satisfaction and DAZN could change this around through their more inclusive and open-minded approach .

In an article, it identifies the culture of Netflix explained by former employees was considered “ruthless, demoralizing and transparent to the point of dysfunctional” (Putter, 2018, Para. 1). Having a culture surrounded by fear and anxiety can be detrimental to the success of a company. What Netflix needs is an improvement to this culture of demoralizing power, and DAZN could positively impact this. On the *DAZN* website, it highlights this through explaining “We are committed to fostering an inclusive environment, both inside and outside of our walls, that values equality and diversity - where everyone can contribute at the highest level and their voices can be heard” (DAZN, 2022, Para. 6) By acquiring this company, it could positively impact the internal culture of Netflix, which in return will contribute to the overall success of the company.

DAZN not only could contribute to a better culture at Netflix, but it also could contribute to making live sports more accessible around the world.

Percentage of employees that believe company culture is the key to company success.



Original Graphic; Built In



**NETFLIX ACQUIRING DAZN WOULD BRING CONSUMERS AROUND THE WORLD A BETTER LIVE SPORTS EXPERIENCE BY USING THEIR PAST SUCCESS TO MAKE THEIR SERVICES MORE ACCESSIBLE AND ENJOYABLE FOR VIEWERS.**

Netflix has been very successful in their global expansion, and they could use DAZN to make the live sports experience better for consumers around the world.

**Netflix can use their great past success to improve DAZN and spread it throughout the globe.**

Netflix has been one of the most successful video platforms in the world. Due to their intelligent global expansion and their ability to distribute at an amazing rate, they were able to build their brand and become a powerhouse in the movie industry. “By 2017 it was operating in over 190 countries.” (Brennan, 2022, para. 1) This took them less than seven years. They were able to accomplish this by not entering all markets at once and responding to new markets it has entered. By acquiring DAZN, Netflix could use their access all across the globe to bring live sports to people in other countries. Many of DAZN’s sports are more popular in countries outside of the United States, meaning bringing it to other nations would increase the number of viewers for DAZN, while also giving people in other countries the possibility of watching their favorite sports live.

**Netflix’s success in distribution would be a considerable asset to providing the services that customers need.**

Netflix services a wide variety of people, and the sports world is one thing it has not yet entered the waters of. “Even though companies such as Disney have much more content, Netflix has conquered the distribution channel because they have more than 125 million members.” (Montesino-Espartero, 2019, para. 7) These members are spread across a wide variety of genres of television. Adding sports to the list of services that Netflix offers would only broaden its brand. Also, Netflix’s ability to appeal to the audience and give them what they want could offer a much better viewer experience for sports fans that watch these sports on different platforms.

Netflix spreading across the globe and giving consumers a better viewing experience would give them a steady market share in the sports streaming world





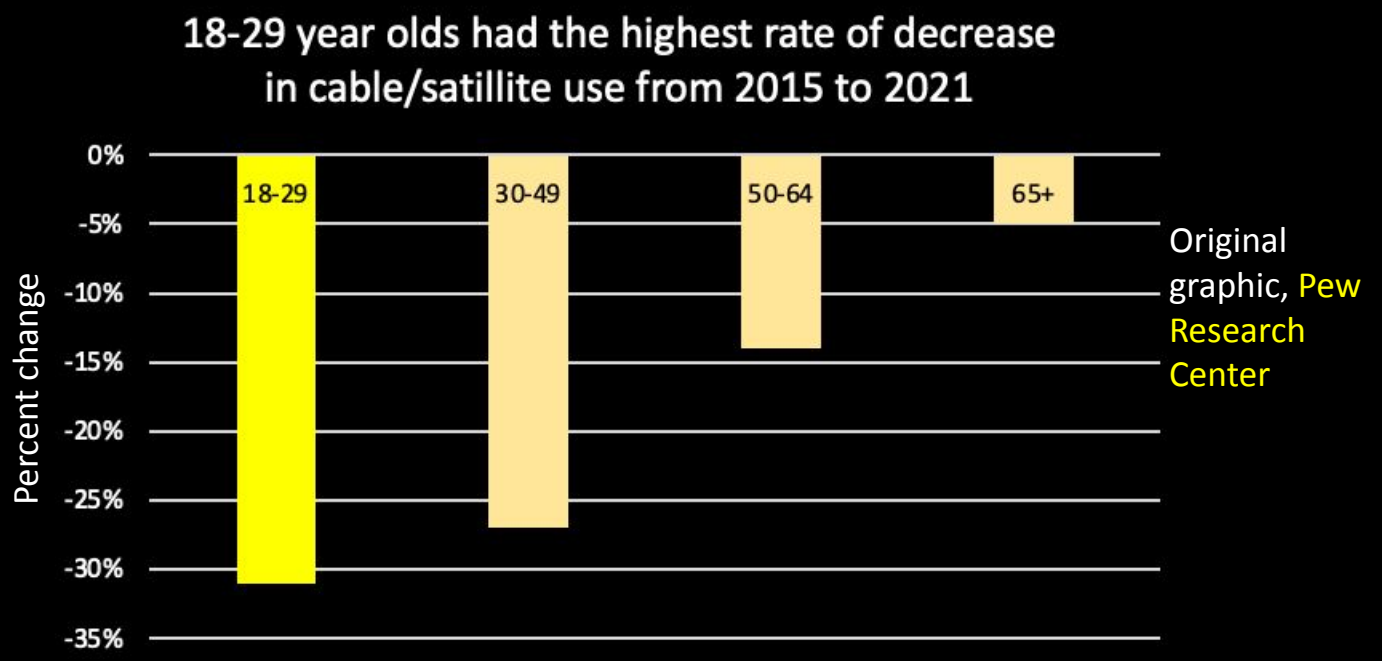
# NETFLIX WOULD BENEFIT FROM DAZN’S ABILITY TO HELP NETFLIX PENETRATE AND CLAIM A STEADY MARKET SHARE INTO THE SPORTS STREAMING MARKET

Sports streaming has become a big role player in in the streaming market and will continue to be seen.

## Netflix has fallen behind the curve in sports streaming and DAZN is an ideal company to fill the gap

The inclusion of sports streaming with normal content has continued to become expected out of most streaming companies. With Netflix’s over \$223 million viewers they are known as a powerhouse when it comes to market share and sales in streaming (Ruby, 2022). This strength in viewership and the demand for sports streaming stem from the decrease in purchasing cable Television. Cable T.V. has been on a massive decline and has seen drops in every population. The largest drop seen from the 18-29 age range where there has been a 31% decline in use of cable and satellite T.V. (Rainie, 2021). The decline in cable is all shifting to streaming there content and “going wireless”. Sports streaming will continually grow along with all other types of streaming as these trends continue moving to the future. This will all end up creating a sizeable market for sports streaming by it self which Netflix should take advantage of while there are still smaller companies to acquire.

Of companies that would be worth requiring DAZN looks to be a strong option particularly in NETFLIX’s foreign markets. DAZN has some very unique exclusive rights to sports that many other streaming services don’t. These include boxing, Women's soccer, and various extreme and electronic sports. All of these sports are growing in popularity , some of which very fast. The current viewership of eSports in the U.S. is 39.2 million and this number is expect to grow to 46.2 million (Howarth, 2022). There are continuing trends increased viewership of these once no so popular sports. One of DAZN’s larger deals is with Woman’s Premier League which is the most popular league in the world. There were around 21 million viewers January to May 2022 (Ried, 2022). These small sports are set to see growth in viewership and now s a perfect buy low on DAZN which could help Netflix grow.



# RECOMMENDATIONS



# MAAC CONSULTING FIRM WOULD RECOMMEND THAT NETFLIX ACQUIRE DAZN DUE TO THE SIMPLE TRANSFERABILITY OF THIS COMPANY AS WELL AS BENEFITING NETFLIX THROUGH ITS POTENTIAL GROWTH OPPORTUNITY

DAZN is a fully established company with specialized expertise, therefore an acquisition with them would be beneficial for Netflix.

**DAZN has specialized knowledge within the world of on-demand sports, making transferability very simple for Netflix.**

Looking into the article *How to Evaluate a Potential Business Acquisition* (2019) it explains that transferability of a company can highly benefit the acquirer, if the company being acquired has a specialized knowledge that they are bringing with them (Deibel, 2019). DAZN produces this specialized knowledge through their expertise in on-demand sports as well as their exclusive, an aspect of this industry which Netflix has not touch on yet. Not only will this make a simple transfer for Netflix, acquiring DAZN can also keep Netflix stay ‘in-the-game’ with rising competitors. In the article *For Streaming Services, Navigating Generational Differences is Key* (2019) it explains one of Netflix's’ competitors “Apple launched a fully revamped Apple TV+, featuring exclusive content from marquee directors, actors, and producers” (Downes, Para. 6). Obtaining their own exclusive content, by acquiring DAZN, can encourage Netflix users to stay loyal to their brand as well as contribute to an opportunity for growth.

**Netflix risks losing consumers with only using their content, by acquiring DAZN it could grow their company and create more value to their customers.**

In the article *Should and Could Netflix Make a Big Acquisition or Merger?* (2021) it explains that “Right now, Netflix is the king of streaming video. But only “on-demand” video. They don’t have live TV, news, sports or a free model.” (The Entertainment Strategy Guy, Para. 31). If Netflix acquires DAZN, this could be just the right push this company needs to provide a new approach to what they offer their customers. Not only could DAZN provide netflix with new content, it also could provide other things in the upcoming years. Looking to drive that competitive edge, “DAZN is expanding in other ways, too. In April, it signed a deal to begin integrating live sports betting”( Moraes, 2022, Para. 33). Live betting could give Netflix the upper hand compared to competitors, giving them a new edge that not a lot of streaming services have currently.

Live sports betting may be enticing but only if DAZN can secure streaming rights within the U.S.





# MAAC CONSULTING FIRM WOULD NOT RECOMMEND THE ACQUISITION OF DAZN BASED ON THE HIGHLY COMPETITIVE SPORTS MARKET WITHIN THE U.S. AND THE INABILITY FOR DAZN TO SECURE STREAMING RIGHTS ON MAJOR SPORTS

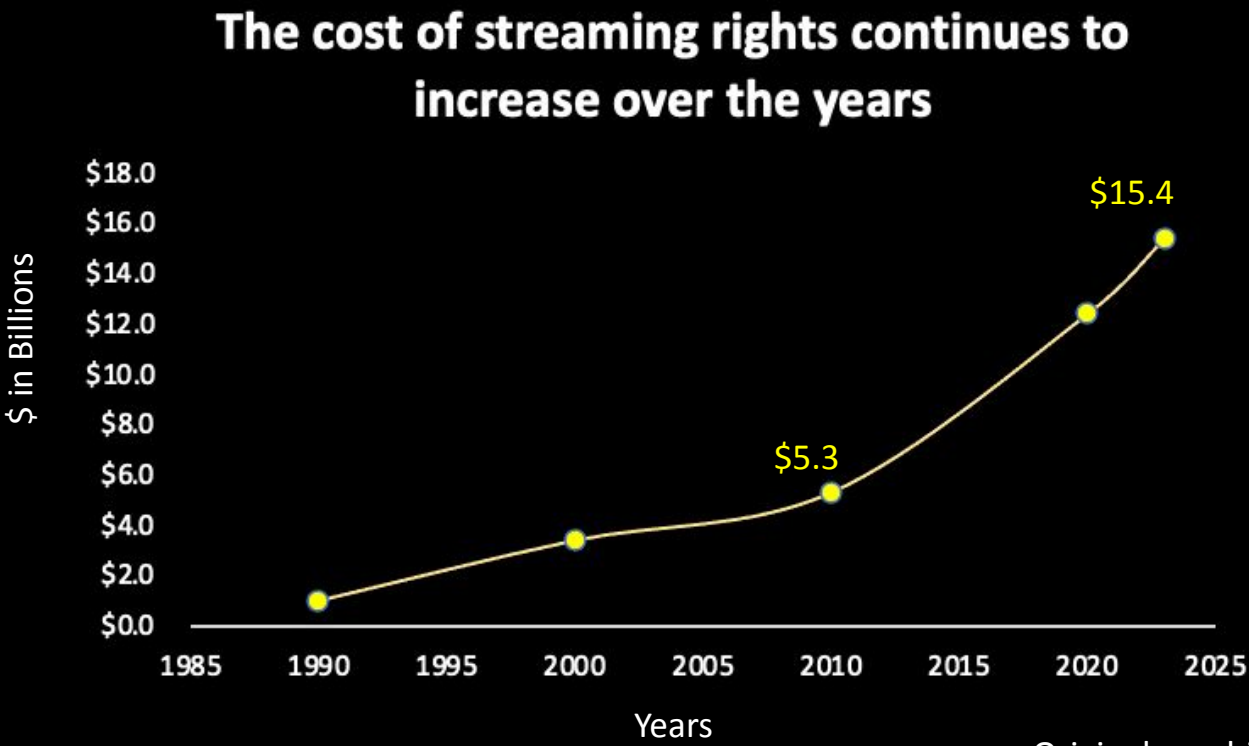
The sports streaming market in the U.S. is extremely competitive and DAZN is a little late to the game to secure important rights

**DAZN will be unable to provide content based from U.S. sports within its own borders and will lose out on the primary market for those sports.**

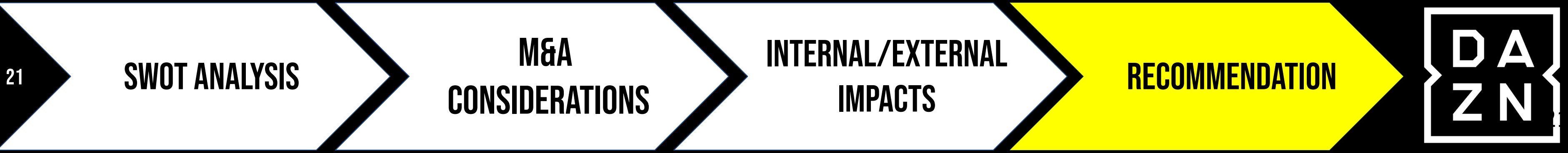
The U.S. market is too competitive for DAZN to enter at this time and would cost too much to attempt to compete for rights on American soil. The rights of sports streaming have been on the rise and do not look to be slowing down anytime soon. This mixed with the poor profitability of DAZN thus far in its lifetime makes it unlikely that there will be any major bids out of DAZN on streaming rights within U.S. borders in the near future. Costs of rights in the top 5 U.S. streamed sports has shot up to a little over \$15 billion combined in 2021, up from \$5 billion just 10 years ago (Smith, 2020). The highest amount of this money coming from the NFL which has one of the hardest rights to secure. This expensive market would at the moment be unwise for DAZN to attempt to penetrate and will lead out to a high amount of revenue going untapped in this important market in the sports streaming area.

**Digital sports streaming in the U.S. is growing in a market that has too many competitors for DAZN to keep up with.**

The U.S. Streaming market is ever growing and it has shown a strong increase in its sports streaming sections in the recent years. The viewers of sports through streaming in the U.S. will reach roughly 50 million by the end of 2023 and 40% of those viewers are from ESPN + alone (Editors, 2022). This shows that the giants in the U.S. have a large hold on the market if ESPN can have that much of the market it leaves little room for DAZN to try and compete with other major companies who have already pre established rights deals. With the thick competition DAZN will struggle to be able to have any significant share of this market at this given time. These issues could quickly start to lead to more fiscal issues that have already been a problem for Netflix.



Original graphic, Bloomberg



# NETFLIX SHOULD NOT ACQUIRE DAZN BECAUSE BOTH COMPANIES HAVE FISCAL ISSUES, AND BRINGING THEM TOGETHER WOULD MOST LIKELY ADD INSULT TO INJURY.

DAZN and Netflix have both recently struggled with finding ways to come out on top and not lose money.

## Netflix has been losing money and their stock has been plummeting in value.

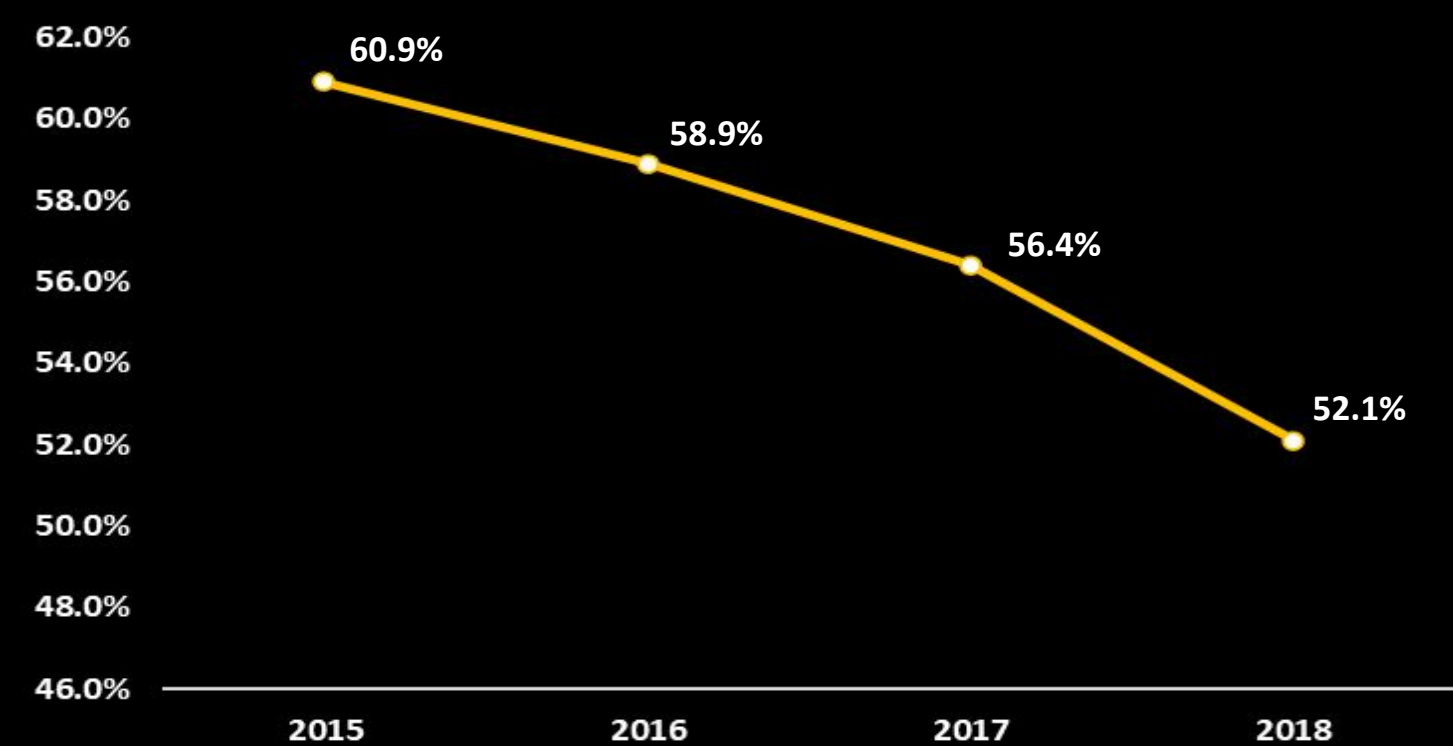
It has become pretty well known that Netflix is losing money. “Their shares have plunged, and they shed \$50 billion in market cap as a result.” (Bursztynsky, 2022) This is not good news for a platform that was once known for its ability to bring a variety of services to people while making a good amount of money in the process. A company that is losing money is always dangerous to mess with, which is why people are getting out of shares while they can, and the number of shares keeps going down. This is not a good pair with DAZN who has the same problem.

## DAZN has been losing money ever since the COVID-19 pandemic.

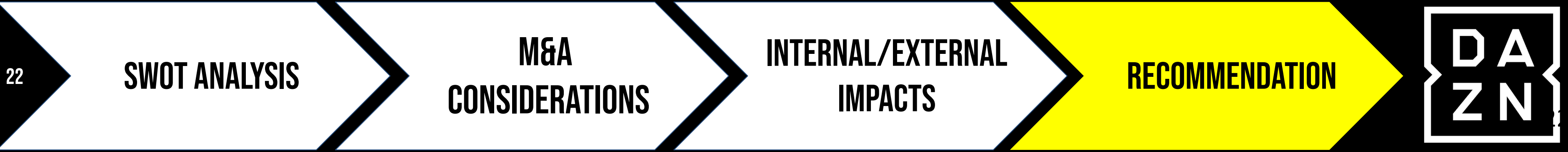
The pandemic was not nice for a vast majority of businesses, but DAZN took a hard hit. “They suffered losses of \$1.3 billion in 2020.” (Dixon, 2022) The disappearance of live sports lead to the disappearance of customers for DAZN, and they have struggled to get any back, while spending tons of money in the process. This is not a good look for DAZN, and although there have been positive signs, it just isn’t worth it for Netflix to acquire a plummeting company while trying to deal with their own money problems.

The fiscal issues between the two companies are many, however, DAZN does have some funding to deal with it.

DAZN’s Gross Profit Margin consistently decreased in its first four years



Original Graphic; [craft](#)



# MAAC CONSULTING FIRM RECOMMENDS THAT NETFLIX ACQUIRES DAZN DUE TO THE \$4.3 BILLION RECEIVED FOR RECAPITALIZATION, WHICH WILL PROVIDE GROWTH OPPORTUNITIES FOR DAZN BY ELIMINATING DEBT AND RAISING BUDGETS

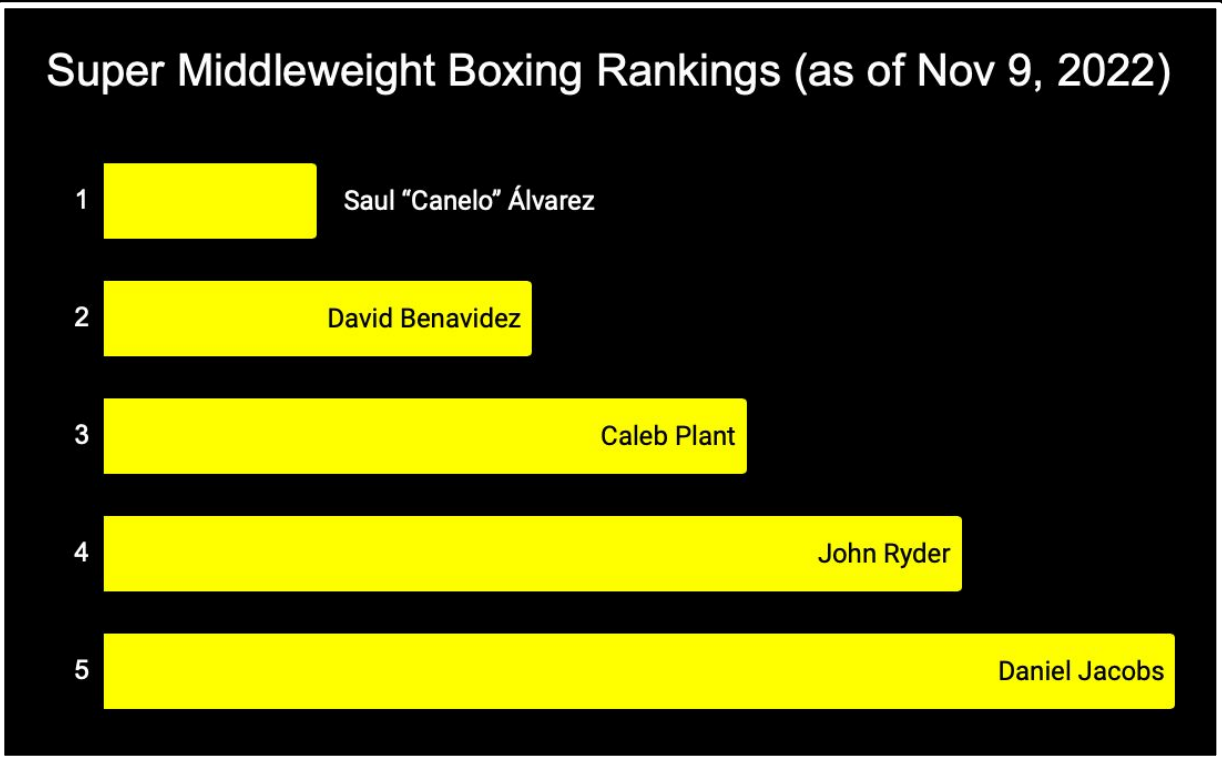
This recapitalization fund has eliminated DAZN’s debt and will allow them to raise their budgets for marketing and gaining exclusive deals, which will help their growth strategy.

**Billionaire, Len Blavatnik, agreed to a \$4.3 billion recapitalization for DAZN.**

Len Blavatnik is the owner of Access Industries, LLC, which is the primary shareholder for DAZN. Blavatnik has a net worth of over \$38 billion. Since DAZN’s launch in 2019, the company has lost a total of over \$1.3 billion. In February of 2022, Len Blavatnik agreed to a recapitalization of \$4.3 billion. This money will eliminate the debt DAZN is currently facing. According to Chairman of the Board, Kevin Mayer, this fund will allow DAZN to explore greater growth opportunities (Hellier, 2022).

**The recapitalization fund will allow DAZN to pursue growth opportunities including exclusive deals.**

In order to gain exclusive streaming rights to Saul “Canelo” Alvarez’s boxing matches, DAZN signed a deal for \$365 million (Chiari, para. 3). Canelo is currently the top ranked boxer in his division and is known as one of the most popular boxers of his time (ESPN, 2022)). This exclusive deal with Canelo caused an increase in DAZN’s brand recognition as a result of fans having to download DAZN if they desire to watch Canelo’s matches. DAZN became the most downloaded sports app worldwide and generated over 1.06 million streams between its subscribers and pay-per-view watchers following the Canelo vs. GGG III match in September, 2022. (Staff, para. 3). An increase of exclusive deals like this will allow DAZN more growth opportunities and continue to increase brand recognition.



Original graphic; [ESPN](#)

All factors considered, the MAAC Consulting Firm ultimately recommends that Netflix acquires DAZN.





# CONCLUSION

**The purpose of this report deck is to provide the SWOT analysis of DAZN, dive into merger and acquisition considerations, examine and contrast internal vs. external effects, as well as provide recommendations of whether or not Netflix should acquire DAZN.**

Considering all of these factors has led MAAC Consulting to conclude that Netflix should acquire DAZN due to the growth opportunities that will result. For the past few years, cable users have been making the decision to cancel their subscriptions and switch to a streaming service, like Netflix. The addition of sports would diversify Netflix and therefore incentivize consumers holding onto their cable subscriptions for sporting event content to make the switch to Netflix.

Acquiring DAZN would allow Netflix to expand into international markets. The majority of Netflix subscribers are in the United States in Canada. Compared to DAZN's subscriber base, which is primarily in European and Asian countries. A potential bundle package of Netflix and DAZN would allow both streaming services to grow internationally.

The addition of DAZN would allow Netflix to broaden the original content they offer. Netflix offers an array of "Netflix Originals"; movies, television shows, and documentaries that can only be found on Netflix. Acquiring DAZN would provide Netflix to expand their original content into DAZN's exclusive sporting deals, therefore adding live sporting events to their array of exclusive programming.

The transferability of DAZN to Netflix would be smooth, as DAZN has proven to be an established company with many well qualified executives. For this reason and all mentioned previously, MAAC Consulting strongly believes that Netflix should acquire DAZN.



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