Italian football

# More than just trophy assets

MILAN

**The country's largest clubs are belatedly becoming more businesslike**

FOR all their fans' passion, Italian football clubs struggle to make profits. In the 1990s Italy's Serie A was the most glamorous and high-profile of Europe's five main football leagues; it has since fallen, in revenue terms, from second to fourth place. In this year's Football Money League, published on January 22nd by Deloitte, a consulting firm, three of the four Italian clubs in the worldwide top 20 dropped at least one position. However, there are signs of a turnaround in the clubs' fortunes.

Italy's league fell behind its peers partly because of the complacency of clubs' owners. Tycoons treated them as trophy assets more than businesses. The clubs suffered chronic losses and corruption scandals, and their stadiums were left to decay. But Italy's sustained economic downturn and the introduction by UEFA, European football's governing body, of rules to stop clubs habitually spending more than they earn, have been among the main reasons why a number of clubs have changed hands. Foreign investors are trickling in.

For those seeking to turn around a club's finances, one of the most important tasks is to boost match-day takings, which account for 11% of total revenues in Serie A, compared with 23% in both the English Premier League and the German Bundesliga. That means improving the match-day experience. However, few Italian clubs own the stadiums they play in, and unlike in Britain and Germany, where official encouragement and incentives have led to stadiums being upgraded, Italian ones largely remain in a poor state.

There is plenty of money coming in from television: the amount that broadcasters pay to show Italian football matches is second only to that in England. However, Italian clubs are missing a few other tricks. For instance, they do not get much from renting out VIP boxes at their grounds on match days: Italian businesspeople tend to take clients to dinner or the opera; and to persuade them to start bringing them to football matches, the facilities at grounds would need to be improved. Also, unlike England's top clubs, Italian ones have not been good at conning their fans into buying overpriced team strips.

But the tide could turn soon. Italy's top performer is Juventus, owned by the Agnelli family, whose forebears founded Fiat. The Turin-based club opened a new, 41,000-capacity stadium in 2011; it has since more than trebled its match-day revenues. Two other teams, Sassuolo and Udinese, have since embarked on revamping their stadiums, and AS Roma plans to build itself a new home on the outskirts of the eternal city.

Efforts are being made to earn more from foreign sources. Over the past five years the Supercoppa, the opening match of the season, has been played three times in China and once in Qatar. AS Roma, bought by a group of American investors in 2011, has since struck a ten-year kit-sponsorship deal with Nike. In 2013 Erick Thohir, an Indonesian businessman, acquired 70% of Inter Milan, bringing in a clutch of foreign executives to boost the brand globally: of Inter's 280m fans, 60% live in Asia, including 18m in Indonesia.

Harry Philp of Portland Advisers, a consulting firm which advises on sports infrastructure, predicts that more Italian football teams could soon be welcoming foreign investors. Their expertise in running a profitable business will be as welcome as their money. ■

Telecoms in Myanmar

# Mobile mania

BAGO AND YANGON

**One of the last great "unphoned" territories opens up**

ON THE outskirts of Bago, a scruffy town in southern Myanmar, a tall, pale Scandinavian-looking man squints up at a four-legged telecoms mast that has recently sprouted next to a mud track. He is Petter Furberg, the boss of the Burmese operations of Telenor, a Norwegian mobile-telecoms operator. He concludes that more towers will be needed to provide the town with adequate coverage, and asks his contractors to put up some more. The job done, Telenor switched on its service in Bago on January 13th.

Myanmar, with a bigger population than Spain, is one of the last great "unphoned" countries. In 2013 its military-backed government invited bids for the right to build its first modern mobile networks. The services that Telenor and Ooredoo, a Qatari rival, began to roll out last year are a crucial step towards reanimating an economy anaesthetised by five decades of dictatorship. Studies by Ericsson, a network-equipment supplier and McKinsey, a consulting firm, suggest that Myanmar's mobile roll-out could create more than 90,000 new jobs and help to sustain annual economic growth of 8%-plus.

Locals once paid $1,500 each for SIM cards raffled by the state network, and coverage was scant. Now a SIM costs just $1.50, and new towers are popping up everywhere. Myanmar Posts and Telecommunications, the state-run incumbent, is transforming itself in partnership with KDDI and Sumitomo, two Japanese firms. Yatanarpon, a domestic provider of fixed-line telephony, will soon join the brawl in partnership with Viettel, a mobile-service provider from Vietnam.

In contrast to India, where price wars among around a dozen operators have sapped their ability to invest in increasing penetration rates, Myanmar is betting that having four participants will provide just enough competition, while making it attractive enough for the operators to invest in the roll-out. The plan is that within five years the four operators will between them be reaching 90% of the population.

Since Telenor lost its domestic monopoly in the 1990s it has rediscovered the Viking spirit of adventure, launching into foreign markets ranging from Bulgaria to Bangladesh. It now has about 180m customers in 13 countries and, through a stake in VimpelCom, a Russian operator, a foothold in another 13 countries. But this is the first time it has gone up against Ooredoo, a ▸▸