Brandon Knicely of Xcite

Hall T Martin: [00:00:04] This is the Investor Connect Podcast Program, I'm Hall T Martin. I'm the host of the show in which we interview angel investors, venture capital, family offices, private equity, and many other investors for early-stage and growth companies. I hope you enjoy this episode.

Hall T Martin: [00:00:24] Well hello, this is Hall Martin with Investor Connect. Today I'm here with Brandon Knicely, CEO of Xcite. Xcite is a gamified engagement platform in pro sports and conferences that engages and monetizes online events. They are the only enterprise-class platform empowering both mobile apps and within a browser experience. It is a big data platform with AI for real-time audience intelligence. Brandon, thank you for joining us.

Brandon Knicely : [00:00:46] It's good to be here.

Hall T Martin: [00:00:47] Great. So, what was your background before joining or founding Xcite? What did you do before this?

Brandon Knicely : [00:00:52] Oh, I've been doing this for a few decades now. But I was an engineer, came out of university and joined IBM and did about 10 years in kind of building a lot of private digital networks on Wall Street, building fiber-optic networks all over the world, etc. And then, kind of transitioned from that into building my first startup in the '90s. We went from a couple of us to about 650 people in New York City right in Times Square, and raised about $200+ million and built a billion-dollar business. We rewired, basically built unified communications systems in about every third building in New York City and scaled from that all the way to San Francisco and that was a lot of fun. Then the telecom meltdown of 2001, we were stuck in the IPO logjam and shortly thereafter, jumped over to the other side of the fence, the private equity side, and did a bunch of deals in New York City in media, and Internet, and technologies. Then did a little corporate development for a publicly-traded company. We built one of the first global maritime broadband's shipping vessels, that was kind of fun. And we built another company and then sold that to Jones _____,and then finally moved to Austin, Texas. So, I got a chance to eat some breakfast tacos and wake surf and get off the treadmill, which is New York City. And, every decade or so I come off the bench and get involved

with a project and my latest project is Xcite Interactive. We're really - pardon the pun - but we're excited about it. We think we have a lot of opportunity. The company's been around about five years. We've worked with the World Cup, to the Olympics, to most of all the major pro-sports teams, all the way to Japanese baseball, rugby, and cricket in India, so, we're truly a global company. Done some cool things in a unique way, if you will, so, happy to be here. But my background sort of stems from corporate, to startup, to finance, to development, and then back again.

Hall T Martin: [00:02:55] So, what led you to start work in the event space?

Brandon Knicely : [00:02:58] Well, the event space is interesting. Xcite has been around the event space for about five years. I myself am relatively new to it, although we've been doing sort of some event software and some other startups I've helped over the years. But I think this one has a little bit different take. It's really about mass. Like, how do you get folks engaged online around a show which could be either live or programmed? It used to be in person and now we're talking about virtual events. So, Xcite was sort of well-positioned to deal with the challenges in the space. However, you're talking about a meltdown of basically events completely stopping, sports completely stopping for three or four months, and it's been a challenge, you know, this past year. But the event space itself has just been decimated, right? And so, we're working with some of the largest event companies in the world, literally in 140 different countries and we're excited about that opportunity. But they're all struggling with everything from airline policies, government policies, et cetera. But I think the challenge is kind of a classic challenge in the marketplace where you have sort of a classic adoption curve, early adopters all the way to the laggards, and about 80% of the market is still just dealing with layoffs and how to restructure organizationally, and policies, et cetera, when about 20% are really getting on top of it and looking at new, innovative ways to engage either audiences or employees online. And that's sort of the space we're in. And we've worked with a lot of the early adopters, thought leaders, I would say, in their industries to get creative, which is always a good place for an entrepreneur.

Hall T Martin: [00:04:44] And so, what's your advice for people investing in the event space? What do you tell them to do before they write that check?

Brandon Knicely : [00:04:50] In the event space? When we're talking about, there's a lot of, if we can sort of breakdown the event space. There is sort of event producers, right, event planners, but I'd say that we're more sort of enabling technology for the event space. There's a lot of interesting, new, enabling technologies, obviously since the pandemic. There's been a fractured sort of landscape, a lot of upstarts, a lot of new startup companies that are actually going after helping to solve some of these problems. That's one of the great things about being an entrepreneur, you look at an opportunity and then you nail it, right? You go after it and take some perspective. I would say event planners and the event industry itself has been decimated, right? And so now, it's, I would say the folks that are doing well are those that have long sort of industry relationships and customer relationships that are kind of working together to plan the future, if you will. But I would say they're still looking to next year. I mean, 2020 was pretty much a meltdown year for the event industry.

Hall T Martin: [00:05:49] And so, how do you see the industry evolving going forward?

Brandon Knicely : [00:05:53] Well, if I could you know, I think, so _____ if I can prognosticate and hit the right mark, I would say I'd be making a lot more money than I am probably right now. But I think the pandemic, there's some, I would say clear patterns. I think we're all sort of locked in around a new hybrid model next year, right, even when the events come back? People are recognising, I expect that the stadium and or the convention hall will be maybe 50% or less filled, right? There'll still be a lot of people participating in an online forum have been traditionally a very pleasing experience when you're used to industry trade shows, and meeting people at booths, and being able to sort of navigate the landscape freely. It's challenging today when they stick in one-on-one rooms or whatever. So, the online experience, I think we're all a little frustrated with, but I think hybrid is here to stay. So the question is, I think as we evolve is, what platforms, what technologies, what companies do we line up that have the muscle and innovative sort of DNA to help facilitate the jobs that we're trying to get done in the event industry? So you can, I would sort of characterize the event industry as, in big sort of buckets as sort of corporate meetings. Then you have industry trade shows, right, and then you have, I'll just say other, which comprises a number of different subsectors. But in and across the board, the jobs are trying to get done as you're trying to communicate with each other, and you're trying to accomplish some objectives, you're trying to meet new people and you're trying to network, but at the same time

you're trying to, usually it gets to be pretty long and tedious, you're not having bacon and some fun. So, I think if I look at broad trends for next year, those that actually can get creative in the way that they plan meetings to engage that remote audience effectively towards meeting those jobs are going to be sort of the key, I think the key winners.

Hall T Martin: [00:08:00] So, what's the growth rate of the technologies-platform sector, inside events after COVID? Where is it going at this point?

Brandon Knicely : [00:08:08] Yeah, I think in terms of the growth rates, I mean, it's been up and to the right. I mean, so the question is at double, triple, like we've doubled our market cap this year, even in a down and challenging environment, right? So, we expect to grow 100% per year as a minimum. But I think in the industry itself, it's very fragmented. So you have to look at, even if you look inside audience engagement or fan engagement, a big chunk of our historical market was the sports space. And sports are big, right? All around the world they're very passionate and very much early adopters of technology. But it's not a huge industry relative to the corporate industry in terms of the job of communicating internally, et cetera. And so, I think when we look at the landscape from a supplier standpoint, the opportunity is off the chart. We're talking - I think, I don't know, I haven't seen any recent reports on measuring the industry or lining the measurements up in a way that we can actually project effectively - but when I look at sort of how we break up the market and how we look at it, there's fan engagement or audience engagement. And that could be I mean, there's lots of different approaches to that game. One is, a lot of teams build their team apps, right? So you go into a stadium and you have an app, and so they're adapting those now to online events where you're still, your experience is in the app. What we do is we're kind of behind the scenes. We work with every team and every corporate entity to engage them and build new, creative services and technologies into that app. And, there's probably 50-60% of the event that doesn't download the app, especially if you're in a stadium experience, and, you know, in that case, we use a web services construct to be a superset, if you will, of supporting both the team app as well as those that don't want to download the app and just jump on a browser and jump on and participate in the show. So, I would say inside of that space, sports technology that has to do with engagement and audience engagement or fan engagement, there's probably 20 or 30 companies that are, I would say 80% of them are new in the last couple of years. And so, there's a lot of, I would say there's an

immaturity relative to the code base, there's a lot of underfunded companies, and so that's a question mark as to risk tolerance. You know, if you're going to place a bet as a platform play, you want to have a company that has some longevity. So, I'm not sure I'm answering your question well, but as it relates to the industry, I mean, these are, we're talking growth rates that are multiple 100s of percent because you started from such a little, we started from basically zero. The whole idea of fan engagement, audience engagement, while it's not been new, I mean in the past we've been the market leader and first mover and there's been probably three or four others max, and now we've got probably 20, so. And this is a global conversation. Everybody with a little bit of software capability can jump in and build some engaging sort of fan engagement tools. What I would say is there's a science and an art to building massive audience engagement, and that requires a platform play with some experience. And we do a bunch of back end big scale, like large-scale big data analysis to give you the pulse of the audience, so there's a lot to this space. There's security protocols when you're dealing with corporate entities, we got to go through their procurement process and make sure that you had your vulnerability testing, and compliance around privacy, et cetera. So there's, I would say there's a barrier to entry at some level, truly at the corporate entity or at enterprise scale, I would say. But it's not hard in terms of just building some app that we can actually go to a team and try to stand up for a particular event.

Hall T Martin: [00:12:05] Well, great. So, how does Xcite fit into this landscape? Where are they positioned, and what exactly do they do?

Brandon Knicely : [00:12:12] OK. We actually, the approach we've taken, so we believe fundamentally that we need to build a set of tools that help agencies, corporate entities, sports teams that have a fan base to engage their audience and that can be in the event or beyond the event, all the social media engagement. What's really been interesting this past year is the whole market has been disrupted. The model's for ticketing, when you have nobody in the stands right, the revenue base has basically vanished. And so, the question is how do we leverage the online opportunity with sponsors and advertisers to generate new mechanisms for revenue, right, that are really coming from remote users? The kind of ironic thing is this shifting to online engagement has totally changed the game. When you think about where advertisers and sponsors are spending their money historically, it's to put things into, think about a tennis stadium having a corporate logo there along the fence or whatever, right? There's not, it's a very

passive broadcast sort of advertising play. And our play, when we're talking about remote engagement on mobile phones and on second-screen experiences, as well as mobile devices like your laptop, we happen to know your phone number, where you're located, your username and so, and we can also characterize and understand what you're doing and what you care about, what you're interested in. In our platform, we do a bunch of subsegments and we segment the audience and we can build targeting cards. If you're a horse fan, or a dog fan, or a bird fan, or a cat lover, you can select that sort of option as you play throughout these shows and we can sort of ____tag you as that's one of your interests. And then we can create the whole show, if you will, around your interests where this kind of becomes practical. And season ticket holders, you may have a preference as a season ticket holder in a football game for the San Francisco 49ers, for example. And so, we might want to build an in-stadium experience on the big board and allow you to experience that on your mobile device. Whereas, if you just have a general ticket, you buy a general ticket to an event, then that might be a different show. So that ability, so the irony is that while we have to transition and manage our way through to a new way of engaging, it's a much higher value proposition. We measure a thing called engagement factor, which is a combination, it's kind of a synthetic parameter of views, interactions, and clicks, so, all the things you might do on a phone. For example, if we throw up an augmented reality race and fill the stadium with water and have two ships racing across the stadium and we get 50,000 people to jump on and they tap their favorite logo for their ship, it might be a team, it might be a brand or a sponsor, and the more you tap the faster your ship goes, now you've got this interactive subconscious engagement with this brand, you know, and you've done it 150 times. And so, what's the value of that relative to just seeing something on TV? So, I would say that we know who that person is, what team they selected, how many times, how enthused they were. So this engagement factor allows us to really understand the audience, and when you understand your audience, then you have a very powerful construct to actually touch them and actually engage with them. And so, for example, we worked with the Stanley Cup champs this year, the Tampa Bay Lightning. I think in one of their shows they built 400 touchpoints in one game. So imagine that you're dealing with and fans are on their phone between 60 and 90 minutes engaging in this particular game and think about just the amount of revenue opportunity for sponsorship and advertising revenue when you're having each of those touch moments, if you will, those interactive moments being sponsored by IBM or any sort of vendor. So, at the end of the day, they're getting back, you know, these vendors and sponsors are getting

contact information and developing a whole league gen list based on people that are passionate about that particular game or that particular team. So I think that while the industry is transitioning, we really have significant new opportunities for those who want to get sort of rethink. We're always around this challenge of rethinking the opportunities. Just in the last, I can think about the last meltdown, kind of our '07, '09 timeframe, we had big companies that were built out of those sort of downturns. I believe this pandemic is going to create systemic opportunity for new entrants into the space. And I believe we're going to be one of those. And so, because of our history, with respect to understanding mass-audience engagement, and the teams, and the amount of sort of critical mass we have both geographically and within the leagues, we're well-positioned. We built this new platform. I think you asked the question, what were some of our challenges? I mean, we literally faced the board discussion. Half the board wanted to shut the company down and turn the lights off for a little while until the pandemic sort of turns around. I think those of us that have a little bit more sort of an innovative bent and we just recognized it would be really hard to turn off a company and turn it back on again practically when you're talking about we've curated some of the best people in the industry as our software developers and team, it'd be very difficult to rebuild that in a short timeframe. We decided to double down, and so we kind of dug in, doubled down. We built this new extreme engagement online platform we call XEO, and it's a complete new delivery system for interactive digital engagement. That's what I think, that's what we're going to need. We're going to need a platform play, obviously cloud-service scale, web-services construct, that can work with any app or non-app, and then it's going to be kind of a Swiss Army knife for anything you need to, for building hybrid events, and hybrid shows, and hybrid fan engagement. With sort of revenue opportunities for, with the knobs, if you will, to engage advertisers and sponsors and generate real revenue. And then you have the significant big data play. We do a bunch of sort of machine-learning algorithms to look at autonomic, we actually do things with, you know, kind of auto segmenting the audience based on who they are, what they're doing, et cetera. We have a lot of cool things we can do downstream from a technology standpoint. But I would say that what this pandemic has done for us is really challenged us to recreate ourselves really with our knowledge that we had historically, and to look ahead what we felt like the industry is going to need over the next three to five years.

Hall T Martin: [00:19:07] Great. Sounds like you're fostering audience participation in a brand new way and it's the right product for the right time. In the last few minutes that we have here, what else should we cover that we haven't?

Brandon Knicely : [00:19:18] Well, we moved this company from Colorado to Austin, Texas, recently - we love Austin. We think Austin is a great central place to operate out of. You know, the company, we went through a capital raise. This year we've raised a little over a million and a half during the summer and we're starting our Series A, we're sort of warming it up right now. And so, we've priced the company at sort of during pandemic pricing and now we're coming out. We think that probably break out and we think that we'll break out in Q1 and Q2 this next year and so we're working on that. And so, we'd love to welcome anybody that wants to take a look at partnering with us and or have an investor appetite, we'd love to talk to them as well. I think from a general, let's just call it return to sports and market kind of return standpoint, I think that we're probably still six months away from any kind of normalcy. I think that our platform allowed us to return a little bit faster because it meets some of these needs. But I can tell you, the industry is still suffering and it's going to take some time for us to kind of return completely to fans in the stands at any critical mass and so everybody is going to need to wrestle with this thing. We're going to move from the early adopters to the early majority now. People are going to have to start thinking about how to generate new revenue for these events and for these shows. We're excited to be, I think, one of the new entrants into, I would say, Austin, relative to sports technology and we have critical mass there. So, we're excited to try to anchor some conversations here in central Texas and around the world. I'm actually learning a lot about, there's some really cool sports in India that I've never heard of that, we can spend the whole show talking about some of these sports I've never heard of, but quite interesting mix of wrestling and touch and tag and kind of fun stuff. We're actually working, I think one of the things that's kind of fun Hall, is this working with Polish Rugby League, wheelchair rugby.

Hall T Martin: [00:21:23] Really? Oh wow.

Brandon Knicely : [00:21:23] Well, I think what's interesting the thing about what's interesting about us, I think, as we're able to enable a brand new audience, having all these audiences that have not been able to participate in a show to allow them to really engage. So, nobody likes to be talked at, but historically, we've just broadcast. We've

not had an engagement with our audience. And so here's a great example, Polish Wheelchair Rugby League. Fantastic event and sort of in the category of Paralympics, if you will, and you have an audience for anybody is a huge audience all around the world that would love to watch that. Up to now, they've not had a toolset to be able to unleash the content, if you will, and engage community on a global basis to watch this wheelchair rugby league. They have a dozen teams and a league over there, and so we're working with folks like that and all these other sort of interesting, I would say niche sports. Really excited about helping the American track and field league kind of opportunities. The places that are sort of tier-two sports that don't necessarily have distribution rights problems can broadcast their show completely on our platform and build the engagement and interactivity, and engage fans on a geographically specific sort of basis. So, I think it's a lot of fun to, I mean it's been a lot of fun for me personally to work with some of these really cool sports leaders and thought leaders and being an enabling technology for up and coming sort of entertainment and sports activities.

Hall T Martin: [00:22:59] Great. Sounds like an exciting opportunity. How best for listeners to get back in touch with you?

Brandon Knicely : [00:23:04] Well, you can send me an email at bknicely@xcitelive.com. I'm on LinkedIn as well, Brandon Knicely with a "K". Would love to talk to anybody that wants to talk about audience engagement and innovation, and we're here in central Texas and very hospitable. Just come down, we'll buy you a breakfast taco and we can come out and have a chat.

Hall T Martin: [00:23:35] Great. We'll put those in the show notes. I want to thank you for joining us today and hope to have you back for a follow-up soon.

Brandon Knicely : [00:23:41] Hall, thank you very much for just what you do.

Hall T Martin: [00:23:45] Investor Connect helps investors interested in startup funding. In this podcast series, experienced investors share their experience and advice. You can learn more at Investorconnect.org.

Hall T Martin: [00:24:01] Hall T Martin is the director of Investor Connect, which is a 501(c)(3) nonprofit dedicated to the education of investors for early-stage funding. All