

Tech-based ownership of Kings could benefit Sacramento

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Sacramento's long and often difficult quest to build a major high-tech industry could get a burst of energy from a most unlikely source: the city's basketball team.

The new owners of the Sacramento Kings, hailing from all over California, represent some of the stars of the state's tech sector. The lead owner, Vivek Ranadive, runs a software company that powers railroads, airlines and scores of other businesses. The vice chairman, Paul Jacobs, is responsible for the chips found in millions of cellphones. Limited partners include tech entrepreneurs and financiers.

What the group's tech orientation means for Sacramento is uncertain. The new owners have pledged to bring the full force of technology to the franchise and how it engages its fans – from new mobile apps to a fully wired new arena proposed for Downtown Plaza.

"We'll bring as much technology as we can," said Jacobs, chairman and chief executive of San Diego's Qualcomm Inc.

One tantalizing possibility for outfitting the arena: three-dimensional instant replay on the video screens. Jacobs said he recently visited an Israeli company, Replay Technologies, which is developing such technology. But he cautioned that it's far too soon to determine whether the 3-D video is coming to the Sacramento arena.

Beyond that, one of his limited partners in the team said the ownership group's arrival could raise Sacramento's profile in the tech community, with implications for economic development.

"If the Kings become an example of the use of technology in ownership, and a reflection of innovation, it could attract people to the area who are in technology," said Andy Miller. His young San Francisco company, Leap Motion Inc., has created a plug-in device that lets users control computers by pointing and waving at the screen.

Sacramento's tech sector has developed in fits and starts.

The region's original twin pillars of technology – Hewlett-Packard Co. in Roseville and Intel Corp. in Folsom – have downsized in the past decade but remain significant employers. Lately, community leaders have looked to clean-tech, including solar energy and other industries, to help diversify the economy.

Overall, though, the region has yet to truly take flight as a high-tech hub. Homegrown companies remain relatively scarce, and the flow of tech businesses from the Bay Area is intermittent. Sacramento is seen as a backwater by some in Silicon Valley – attractive for its lower costs, but lacking the deep talent pool and other facets of South Bay life.

Yet Jack Boyd of The Boyd Co., a corporate-relocation consultant in New Jersey, said the new Kings owners could put Sacramento in a more positive light among tech companies.

"The fact that this ownership group has so many technology people ... could be an opening wedge for other companies to take a look at Sacramento," Boyd said. "These investors ... are going to have their customers and clients and consultants courtside."

Ranadive's purchase of the Kings has drawn some attention already from Silicon Valley. He was the subject of an extensive front-page profile last week in the San Jose Mercury News, which noted that he beat a group from Seattle that included Microsoft CEO Steve Ballmer.

Some experts, though, question whether the new Kings owners will have much impact on Sacramento's tech economy. Steve Wahlstrom, an economic development consultant in Berkeley, said the group's commitment to downtown is more important than its source of money.

"The arena deal and downtown – that's the significant story, not the makeup of the ownership group," said Wahlstrom, who's affiliated with a national firm called Economic Development Research Group.

The new owners have pledged to redevelop most if not all of Downtown Plaza, flanking the proposed new arena with offices, retail and other amenities. City officials believe the arena project will jump-start wholesale redevelopment of the downtown district.

The Kings aren't the only NBA team with technology-oriented owners. Joe Lacob, chairman of the Golden State Warriors, is a partner in the prestigious Kleiner Perkins venture capital firm in Menlo Park. Mark Cuban of the Dallas Mavericks made his fortune building an Internet company and selling it to Yahoo. Robert Pera, owner of the Memphis Grizzlies, is chief executive of a wireless technology company in San Jose.

Nonetheless, the Kings might be unique in having such a broad array of tech executives in the owners' suite. The group includes a former Facebook senior executive and a venture capitalist who's invested millions in tech companies.

Given the lineup of new owners, Jacobs said a tech company likely would purchase the naming rights for the new arena.

"I have a bunch of friends I'm talking to about the naming rights," said Jacobs, who will share the Kings' vice chairmanship with his brothers Hal and Jeff on a rotating basis. "This ownership group knows so many people in the technology industry, it wouldn't be a surprise if the rights go to a technology company."

Jacobs said Qualcomm is an unlikely candidate for naming rights; it would create a possible conflict of interest for him.

The man at the top of the Kings' pyramid made his money from what he calls "big data."

Ranadive's \$1 billion-a-year company, Tibco Software Inc. of Palo Alto, creates products that let companies like Southwest Airlines and Union Pacific Railroad manage reams of data.

Tibco's systems handle a billion tracking inquiries a day from FedEx customers. If a Delta Airlines passenger misses a connecting flight, Tibco's software puts a hold on the customer's luggage.

"There isn't a single industry that doesn't need what I call the 'two-second advantage,' which is having a little bit of the right information at the right time," Ranadive, wearing a Kings cap, told CNBC last week.

The fight for the Kings seems to have benefited Tibco. "Tibco's gotten tens of millions of dollars in free marketing," Ranadive told the Mercury News.

Ranadive became vice chairman of the Golden State Warriors in 2010, and the Tibco influence shows up in how the team markets itself. (He is surrendering his share in the Warriors.) For

instance, the team's mobile app lets fans upgrade their seats and order food.

Similar advancements will be built into the Kings' new app, said Miller, who is chairman of the team's technology committee.

And with Ranadive the first India-born majority owner of an NBA team, the team expects to use social media to broaden the Kings' global appeal.

"A lot of our initiatives rest on technology," Miller said. "We're really serious about India and China."

THE TECH PARTNERS

- **Vivek Ranadive:** Chairman and CEO, Tibco Software Inc. of Palo Alto, maker of systems for data management.
- **Paul, Hal and Jeff Jacobs:** Their father founded Qualcomm Inc. of San Diego, a leader in wireless telecommunications chips. Paul is chairman and CEO.
- **Arjun Gupta:** Founder, TeleSoft Partners, a venture capital firm in Foster City focusing on high-tech investments.
- **Andy Miller:** President, Leap Motion Inc. of San Francisco, maker of device for hands-free computing.
- **Chris Kelly:** Former chief privacy officer, Facebook Inc.
- **Katrina Garnett:** Silicon Valley veteran; CEO of travel website My Little Swans.

THE NON-TECH PARTNERS:

- **Raj Bhathal:** Founder, Raj Manufacturing, swimwear maker in Tustin.
- **Mark Mastrov:** Principal, New Evolution Ventures, investment firm in Lafayette focusing on health clubs. Founder, 24 Hour Fitness chain.
- **Mark Friedman:** President, Fulcrum Group of Companies, property developer in Sacramento.

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