



Jake 00:16

Thank you, Michael, for taking the time to join me on the podcast today, I really appreciate it, you are the founder and CEO of big league advantage. Your company is empowering athletes by investing in athletes before they make it big time. And so you guys, you know what that looks like in practice, you guys will write a check to traditionally a minor league baseball player, now you're doing other sports as well, then, you know, it's not like a loan or anything like that. If they make the major leagues and they make a big contract, they'll pay you a percentage of that contract in exchange for this upfront payment that you made to them. But if they never make it, they never have to pay back a cent. So it's a really interesting model. I think it's very empowering for these athletes. And it's kind of like a VC model applied to athletes, but different in that, you know, VCs don't really have a stipulation that if your company doesn't make it big, you never have to, you know, give up your equity or whatever. So very interesting, and very much looking forward to conversation. Before that you played major league baseball for the Philadelphia Phillies for a few years. But you've always had a mind for stats and things like this. So excited to have you on I think for those who don't know, you, the best place to start would be just to kind of tell your story. And, you know, talk through some of the decisions you've made to get to where you are today. Sure,

Michael Schwimer 01:26

well, thank you, again, so much for having me. It's an honor to be on this podcast. And I'll take you right from the beginning. So you know, growing up, I've always had a passion for sports and mathematics. I went to the University of Virginia, and took some very high level, you know, stack courses there, intern at a hedge fund one summer, but my dream was to play baseball. And that was everything for me, I got drafted by the Philadelphia Phillies in the 14th round. For those you don't know, at the time, there were 50 rounds in the draft. So my signing bonus in the 14th, round was \$5,000. So it's not not much, you go to the minor leagues where, you know, if you look at minor league players, less than 10% of minor league players will play just one day in the major leagues. So it's a really hard, you know, thing to do very, very few make it you know, my story in terms of making it was, you know, I got there. And I very quickly realized how was bottom 10



percentile of talent, I mean, I was looking around, these guys are throwing, you know, 9500 mile an hour fastball, you could like hear them, like you could watch these breaking pitches move, and I'm out there throwing, like 8089 to 91, you know, like, pitches aren't moving much. And I had to really figure out how to make it and how to separate myself. And what I did was I started building algorithms and models for pitch sequencing. So I threw four pitches all well below average. But if I could model out hitters and build these algorithms to figure out what they're looking for, and throw the opposite of that in different in different counts and locations, that I might have some success. And it worked out, I struck out, I think 12 or 13, something like that per nine innings and got to the major leagues. It was a it was a great run. I did blow out my arm. But before that, I joined the MLB pa licensing committee, the exempt executive subcommittee that negotiates collective bargaining green with ownership and really started to understand the business of baseball. You know, after I got hurt, it's a really, it's a really tough thing getting hurt as a player and having like your career flash before your eyes, like, you know, there's my first thought I can probably remember I've maybe five, six years old, I mean, all I want to do is be an athlete, right? And then just one day, like, bang, snap, and it's all gone like that there's an old saying, like athletes die twice, once when their career ends, and then then, obviously, when they actually die, and that was, that was true for me. You know, I fell into a little bit of a depression, maybe a little bit more than a little bit if I'm being if I'm being honest. And it wasn't until you know, my wife, I give my wife a ton of credit, you know, kind of pulling me out of that. And like what what what are we going to do next in after baseball, and I saw again, all these players now 90% of them aren't going to make it that are going to end up in I was fortunate to play a little bit in the major leagues, but most don't. Right? And it's a very small difference between making it and not making it my thought process was how can we help some of these players they want to help, you know, get get there and achieve their dreams of being a major league player. And I think financially there's a huge component that financially plus a network. So my thought process was how do we help empower these athletes from a financial perspective, a network perspective to help them get to the major leagues and be as successful as possible, you know, when they get there and that's when I started doing the model



building for what would become you know, the core of of VLA. So we build these algorithms to predict which of these 7000 minor leaguers will make it to what degree? You know, and then you know, we do an investment based off that this is very similar to ESG, you just brought up like the VC world, you know, you're doing all this analysis on a company and deciding how much that company should be valued or worth. And when there's a good price you, you know, you know, by, and if not, you make you make a different decision there. But that's the same model. So we built this out, we offer players deals as little as 1%. So we offer a player, you know, here's X amount of dollars in exchange for 1% of future earnings, if you make it as you said, if you don't make it get hurt, anything happens, you keep all the money. And if you make it, you make \$100 million, and you do a deal for 2%, well, then you've made 98 million, right? Because, you know, we would get 2 million to that as for the original investment, and then we also supply them with this great network of people that can help on and off the field, hitting coaches, you know, analytic report, mental training, like all these things to help, you know, try to give these players the best possible, the best possible chance. So that was the idea. And I can pause now, if you have any questions or thoughts on that, I can kind of keep going with this the story on the fundraising side, whatever you want. Yeah,

Jake 06:21

that's a great start. And we'll definitely get into the fundraising and stuff. But just a couple notes on your story. Before we dig into the BLS at the big league advantage. I understand, you know, well, first of all, what you're saying about the injury and everything, like I can't imagine, from my own experience, I just, you know, I was never a professional athlete or anything, but it's really your identity that just kind of dies in a day with you know, an MRI or whatever it is. And that's got to be like extremely hard to handle fortunately, found this next career, which, you know, probably when it's all said and done is bigger than than the previous event, and certainly will last a lot longer. So it's great. And, you know, I mean, the impressive thing about your story, as far as making the, you know, the pros making the majors is, you really, it's very clear, like, I mean, you did the analytics yourself, you made it with your mind and not your arm, which is, you know, a very unpopular route for getting there. And a lot of



people you know, it's a combination of, you know, being you know, using your head, but also having the natural talent and working really hard at that talent. But rarely, I think, do you see someone with actually like, as you said, yourself, just, you know, lower percentile, arm strength or movement on your pitches or whatever it is, who actually is able to overcome those physical weaknesses, just with their with their smarts and their intelligence. So super cool path for getting there. But I understand you know, growing up, you did have a lot of sort of physical gifts and abilities, you were a great athlete. And actually, in addition to having the ability to go play college ball at Virginia, you had offers to go play basketball at Duke under Coach K and at Louisville, under PITINO. Can you sort of rewind and think about that decision and and talk about that decision, because you actually weren't nearly as sort of touted a prospect in baseball, but I understand you sort of looked at your you know, you thought you were closer to your ceiling, I guess, with basketball, whereas in baseball, you thought you had more potential and maybe more of that ability to sort of get there with your mind and with your analytics. So how did you actually make that decision when everything in front of you is telling you I'm a better basketball player than I'm a baseball player? Yeah,

Michael Schwimer 08:28

so that that was a really tough decision that I had, was actually offered D one scholarships and football, basketball, and baseball. I stopped playing football after my last year to focus on basketball and baseball that was really more of like a health concern. On my side, I've always been really gifted in terms of hand eye coordination, but not necessarily straight. athleticism. Right? So I wasn't always the, you know, bigger, stronger, faster, I was just like, well, you know, very coordinated. So in basketball, you know, I was a really good shooter, but I couldn't, you know, I really couldn't guard guards. I was sick. I'm six feet eight and play guard. So that was like a huge advantage in high school, but I couldn't, you know, I always thought I could score on anybody but like, in college guarding guard would be very, very difficult. And, you know, the way I looked at it was in basketball, like, if everything went my way, like the one percentile of perfection, like maybe I could be a ninth man on NBA team, right? Like that's if everything was perfect, right? Most likely go to



college. You know, maybe play overseas for a little bit and that'd be it. But for baseball, I was a lot worse at the time. But I had the physical gifts in terms of my height, right, like a six eight pitcher to use that leverage the arm angle, downward plane, you know, and also I could use my yeah, I've always thought like it's more of a mental chess match. It's a one on one matchup, like baseball is really a one on one game disguised as a team sport, it's just batter versus pitcher kind of over and over again, you know, basketball, there were a lot of things like I have to be in a great system, like I couldn't control the game like LeBron, like LeBron, or, you know, Brandon Miller, you know, the guys that are on ball, like I needed to be off ball, I needed to have everything else working for me for it to work out. And then even then, I was a liability on the defensive side that I'd have to get, you know, it's hard to get quicker side to side, you know, like that stuff, it's much easier to become a better shooter than it is to become, you know, quicker. And so like I had had those skill sets that were already mature for my age, and then didn't necessarily have the skill sets that were going to be harder to improve over time. Which is why, you know, I chose baseball and I think I made the right decision, I have no, no regrets on that. You know,

Jake 10:52

it makes total sense. And so fast forwarding a bit to post Phillies career, you know, going and starting VLA coming out of, you know, pretty, pretty rough time in life post injury and and deciding, you know, this is your next step, talk through like the initial stages of actually like convincing people that this was a good idea, raising your guys first fund before you actually were able to do it and have proof points on how did you go about, you know, turning this vision into a reality? Yeah,

Michael Schwimer 11:19

so, a lot, you know, I started the model building in the end of 2013, early 2014, you know, for this, and I think when you start something, and the model building took me about, I mean, I was going 1416 hours a day for over a year on this stuff. I mean, it was, it was a lot, you know, the guys that we have over 50 people now PLA and a lot smarter than me, they could have probably done what I did in a year in like, two weeks. But it was just me at the time. And I didn't really know, I



didn't know a lot of these, like machine learning techniques and all that kind of stuff, which I can kind of get into a little bit later. But the idea when when you have a mission, and like your people say you What's your why, like, you can get pretty obsessed and want to do this. And like my thing was, how can I again, like when you have this idea? How can you help people fulfill their dreams? Right? Like, it's just gigantic Win win scenario, you know, that made me feel really good. And I, again, became obsessed with it. So after the model building process, you know, I was like, I saw what the models did. And after it came out again, I have over a year and like, this is crazy, like the predictive and the predictive nature of these models was really better than I could have imagined. But that's a big difference between getting that and then getting fundraising. Right. So here I am, at 28 years old, as a former athlete never had a real job in my life, trying to start a company and raise \$25 million in an idea that had never been tried before. Like, it was not the easiest thing. And, you know, just like anything else in life, like I just like baseball, it's like you got to find a way, right? You can either quit, you can make excuses, and you can go home or you can give it every shot that you have. And yeah, that's what I did. It took me several years to do this. Like I went broke, I moved in with a one year old in my parents basement. You know, like I did that in order to do this. But I kept taking meeting. Again, my I gotta get my wife's more credit here. You know, it's like, look like I could quit this and like coach high school baseball, right? Or I can kind of keep going with this. And she's like, you'll never regret it. If you don't keep going with this, like you love this. This is your passion like keep going. We don't we're not materialistic people, like we're fine. And like that level of encouragement was huge. And then finally got a break, man. I mean, I went in 2016 got the first investment. And what that first one is really hard for entrepreneurs listening out there. Like if you're starting something new, that first one's really hard. I would say, you know, after the first one, the net filling out the font is probably easier than just getting the first one of size. And so we got that first investment from a group called Tiger 21, which is a investment group or like a group that meets in all the major cities and some pretty like high level people there. That was great. And then net, you know, Bill Miller, who was formerly like the Legg Mason guy, awesome guy, and he wrote a really big check into the fund and like he's known



as one of the best investors on the planet. And like, once that happened, we were able to fill that fund out. But this took me years from once the model was done to getting the business plan to creating the finance tools going to investors getting told no over and over and over. I mean, you know, it's you have to have a little bit of irrational confidence to do this. Like if you're trying to start anything new, you kind of have to, you know, believe it to a degree that's almost illogical. You know, to do it, but again, I had that belief I saw the model because you're doing it for the right reason you're doing it to help out people, I think like somehow, cosmically in life, things work out for you. And I caught a lot of breaks. And we were able to raise that first fund. And then you know that that first fund, we was 20, it was supposed to be 25, we moved it to \$26 million. And we were off to the races, we invested in 77 players in about a year. In that fun. So then after that, it was Katie bar the door.

Jake 15:27

Right. So I mean, I love what you said there about having to have that sort of irrational belief upfront, which must have been kind of difficult for you as like, such a rational sort of numbers guy, like you sort of run the numbers on your, your probabilities here, and like, things aren't looking great, but you just keep going on the last, I think it's that combination of that irrational belief, and having sort of a real mission, where you're not just, you know, doing it for the money or something, you've you were a player yourself, you were in the minors, you knew what you were sort of facing. And if you could, you know, basically, what you guys are doing here. I mean, I think people overlook, like, you know, big league advantages that had some sort of, like, you know, unfair, in my opinion controversies when it comes to like press coverage and stuff, where people look at, you know, the big winners that you guys have hit, and they're like, Okay, you know, this guy got a few \$100,000, or whatever early in their career, and then they go and sign the 10s of millions of dollar contract and big league advantage makes, you know, 50x, or whatever, on their initial investment in a matter of a few years. And that's like, oh, that's like too much money, like that was a bad deal for that player. And like, you know, you can make that argument, you could also make the argument that that player would have gotten to that place without that money. So that's totally valid as well. But if you



ignore even that individual use case, for every one of those players, there's a ton of players who don't make it, and they'd never have to pay back the money. And so you're basically just reallocating an incremental amount of money, which is a huge absolute value for these, you know, big successes, and distributing it among the people who never get to get that life changing money with a big major league contract. And so, overall, I think it's pretty hard to argue that the impact that you guys are making is not like very good for, you know, the collective of players who you guys are investing in. So one, you know, one of those big successes from I believe it was from the first phone from the 77 players out of the 26 million was, you know, Fernando tatis Jr. who I think you guys gave \$500,000 for 8% 2017.

Michael Schwimer 17:25

Yeah, that those numbers, yeah, that those numbers are wildly inaccurate. If you just assume it's okay. No, you're not the first one to do that. We gave them a heck of a lot more money than that. But, you know, we don't we don't disclose the actual dollars and the percentages. It's been reported, like, I don't know who comes up with these reports. But I can I can officially tell you that is, you know, that is not accurate at all, to TS was, you know, a lot more than that. And again, we don't disclose the percentages on that side. Yeah, no, I make sure. Yeah.

Jake 18:01

Yeah, I found that in some article somewhere. So not super surprising that it's that it's wrong. But just to give people an idea, regardless of what the amount of the investment was, and the percentage, which it sounds like was a lot larger than amount on a smaller percentage, he went on to, you know, sign a \$340 million dollar contract, four ish years later. So there's, like, you know, whatever the numbers were huge return. But again, would he have made that contract? Would he have even made the MLB had it not been for this extra, you know, the extra resources he had to go and, you know, get trainers and supplements and not have the financial stress and all of these things? You know, it's not an experiment, you can actually run, but it's reasonable to say at least, that he wouldn't have had as much success without this, you know, ability given to him early through these through the finances and through the network.



Michael Schwimer 18:47

Yeah, exactly. Right. I mean, I think you touched on the most important points, the majority of players that do deals with us will not come close to paying back the original investment. Right. These are, it's like, it's the same, you know, as a venture model, and I'm glad you brought up, you know, a lot of the press, and it's, I would say it's one of the toughest things I've had to deal with. And sorry, it's just sad. It's just like really, really sad how to see who controls the media and like, why stories get out there. And it's very counterintuitive, but yeah, it's, again, the vast majority of players will not pay back the original investment. And people just I think have this nature of like every prospect is going to pan out right when they of course they don't and I think to Tc is a great example you can listen to his dad out on our website talking about how great this deal is for him. This was after signing a \$340 million deal, right? But there are people that are just really against this like it's for a variety of reasons. There was an article that came out that wasn't too positive about us and you know, the author is straight up told me to my face that look like on Shark Tank if Mark Cuban invests In an entrepreneur and that, you know, company and that business goes up 100 acts that Mark Cuban, he believes Mark Cuban took advantage of that entrepreneur. Right. And, you know, people are gonna think what they want to think like we live in a free country, and you have freedom of thought. Now, I would firmly disagree with that. Right? I would say that that investment helped that entrepreneur grow in their business, just like our investment, as you said, helps that player grow, right. But some people just have a just different viewpoint on that. And also, you get into certain agents, and you get into certain organizations that are very, that have different views and different personal goals like so for example, like at from an agent standpoint, you know, if every player did a deal with an agent for life, right, had the same agent, they could never switch, every agent would love what we do, right? Because we help players make it and therefore agents get more money. The problem is agents have to sign a player every single year. So they're very concerned that if a player does a deal with us, then that player becomes let's say, that player is bad doesn't make it well, the agent doesn't care. Right? It's on to the next, right. But if that player does do well does make it they're



really worried a different agents gonna swoop in and take their player, right? Because somehow because of this deal, right, so then they have to publicly be as negative as possible about DLA. So I have agents that are really good friends of mine, that will call me and be like, like, Man, I'm so happy, this player did a deal, it's going to really help them this is going to be incredible. Like, of course, I had to publicly say this is the worst thing ever. But you know, I have to do my job. I'm gonna sit here, like, that's not fair to the player. But it is, you know, everyone's got to make a living and everyone's got to do their own thing. And you got to do that. That's, that's fine. But then again, like who controls the media, but the agents, right? If you're a media reporter for The Washington Post, or wherever, and you want to get a scoop, right of like, what free agents going where Who do you call you all the agents, so you have to have the good relationship with the agent. And so you're gonna write with the agent wants you to write instead of the truth, right? Instead of having a real conversation about what these deals do and how they affect the whole we have oversight, we have 630 players, 630 players, right? How does it affect the whole? Not just has it affect? The one of the very few that make it in our in our great, I think that's the conversation, you know, we need to have,

Jake 22:21

right? And then so regardless of this, you know, unfair treatment by the press, and hopefully we do a little incremental work to counter that with this with this podcast. But how did those early conversations with the players go, especially, you know, maybe they've changed a little bit now, probably mostly the same. But in the early days, like fund one very new concept, no proof points to point to similar to when you were raising money. But on the player side, there's a range of players too, there's like, you know, there's tatis Jr, who, like his dad was a pro player. And so, you know, presumably, there's like a little less of a financial urgency there, versus someone who is coming from no money, who maybe has even a lesser chance, seemingly of making the league but you guys, you know, do your analytics and you think that we got enough of a chance to be worth the bet. How did those early conversations go? What's like the spectrum of responses that you guys get? Yeah.



Michael Schwimer 23:16

You know, it's the same as real life, right? Like when you're an entrepreneur, and you're starting a business, there's some people that have no money, and there's some people that have millions of dollars, right. But the you still would like an investment, right? For a variety of reasons. It's the same as baseball, right? There are some players that you know, are working offseason jobs like that's what I had to do. I where I babysat, I rent basketball game. So now also, if you get an investment, right, maybe you can spend more time doing that not doing that, excuse me not doing that and instead training right to help improve your game. Or you're a first round pick, you sign for \$2 million, right? We have 43 players that have multimillion dollar signing bonuses, right, multi million dollar signing bonuses with us, well, they still have that money, but maybe they don't have enough to afford a private chef, right? Or they don't have enough to afford, you know, these types of things that could really help you to improve like how much money does Tom Brady spend and LeBron James spend per year investing in themselves, right? Many millions of dollars per year. Right. And so getting, you know, every player, no matter where you are, on the stage of your career, there's always more money, we'll help you become a better player. Now, to what degree probably more on the lower end than on the higher end, right? Probably not having to work and babysit or whatever you're doing and you get to train is probably going to have more of an effect than going from working out every day to now having a private chef, that difference between personalized nutrition plan versus eating on your own. It's definitely going to help you but probably to a smaller extent, right. But again, no matter what the more money you have, the more likely you are to make it if you use it wisely. You invest in yourself. And that's why we are you know, we have signed players from all over the spectrum their friends Talk teasers of the world to players that have a \$10,000 signing bonus, the players like me, right? And those conversations is shockingly, haven't changed too much from the beginning to the end. You know what's interesting, you know, we tell players now that we have enough sample size, you know, I'll explain, you know, when players say yes, and when they say no, and how they sort of think about it, and I explain this stuff to players, and we as a company, you know, we're not salespeople we give it when players say yes, here's why they say yes, when players say no, here's why they say no,



and both reasons are great. You know, we never care if a player says no, that's fine, as long as he has the opportunity to do it if and only if he wants to the tragedy in our business is there are hundreds of players that don't even get to hear an offer. That's the tribe because of the media because of the brainwashing. They're like, I don't even want to listen to this, right? Like, we could offer a player \$10 billion for 1%. They don't even want to listen to it. Right, which that's the tragedy to me, if anybody wanted to buy any piece of a company, you should at least listen to what the deal is, you know, in my view, but going back to your question on like, how we explain this to them. So, you know, when players say yes, they say yes, for a variety of reasons. The biggest reason is, I'm doing this deal, because I want to bet on myself, right? I want to get myself every chance to make it. And I think that's a big misconception. Like, I think the public thinks that, oh, doing this deal players betting against themselves. That's crazy. Like every player, by the way, you guys don't know this. They're listening, there's 7000 minor leaguers less than 10% play one day in the major leagues, they all think their hall of famers, there is no player that's like, Oh, I'm not very good, I'll do this deal. Right. So they all think they're going to make it they all know in their heads, they're going to pay back 100x of what they get, of course, you know, it's not the case. But it's the same with every entrepreneur, every entrepreneur that has a small company, they all know they're going to make it they all know they're going to be the next billion dollar company, whatever it is, right. But of course, realistically, the vast majority won't, right. And so that what they say is, look, this deal is going to help, as I'm betting on myself, this deal is going to help me make it this deal is going to help me be great. Secondly, they think of it is look almost as if you're an insurance policy, to some extent, look, I'm going to do this deal. Now I'm going to use a lot of money to help myself, you know, be better. But I'm also going to use money to invest in the s&p 500, or whatever the case may be where it baseball, if things don't work out, I now don't have to start at zero, you're you know, you're 27 years old with a family, you got a wife, you got kids, and now you have nothing or you have hundreds of 1000s of dollars to start round two. But lastly, you know, business decision is the biggest reason players do it right. In any business decision. There's two things what are you getting? What are you giving up. And when a player says, Look, I'm



getting call at \$500,000. Now like this makes me happier, this gives me a better chance to make it. And when I'm giving up because of play again, the players know they're going to make \$100 billion, right? So I'm giving up 6% call it so what I'm giving up is \$6 million, I'll have a 94 million instead of 100 million. So \$500,000 now is a lot more valuable to me than 6 million is if I already have 100 million, is how they think about it. When they say yes. When they say no, it's a great reason players say no, and it makes a ton of sense. And they say look, it's I think the opposite. I'm getting \$500,000 now and I'm giving up 6 million, I don't care that I already have 100 million, that \$6 million, to me is a lot more valuable than the 500,000 would be now. And that's totally fair, right. So we just tell them, this is, you know, here, and we here's all the variety of the outcomes, like, you know, we always tell the players look like we know, if you don't make it, that'll be the best deal you ever do. But don't ever think of it that way, like assume you're gonna make it assume you're gonna be great. And if you're going to be upset that losing that 6 million, or whatever it is, if you already have 100, please do not do the deal. Because I don't ever want to do deals with players that are going to end up regretting it later. That's not why I started this company started the company, you know, to help players and be a part of their success, right? And so I really want players to think through all the ranges of outcomes. And if ultimately they decide there are going to be upset at that latter point, then don't do it. No problem. And at the end, look, it's not a big deal, then of course they should do it. Right. It's the proposition there. And that hasn't changed from beginning to now.

Jake 29:19

Yeah, I think it's, it's pretty telling, I mean, regardless of all the media spin or whatever you would expect with deals like this, to your point, there could be players if you guys weren't, you know, going and having these conversations the way that you are, if you were selling it a little more, you wouldn't be surprised to have players who later on they do make it and they do you know, regret it just because they didn't really know, you know, they didn't fully you didn't lay it out for them as clearly as you just did. And and they might have been like, oh, well, you know, I didn't really think about what would happen if I was successful. And in that case you would have you know,



presumably a lot of these successful cases like Tata use or whoever come back and you know, be speaking, you know badly about PLA in the future, but that's not the case at Oh, you can, you know, for all of these media pieces or whatever, there's really no like first party accounts, I think there was I hesitate to even bring it up. But there was like one major league pitcher who I think brought a lawsuit on you guys. And then even he like it was pretty clear that he was kind of like pressured by other parties or something because he retracted it and then apologized and said, How good VLA actually like less for him. So, the fact that you guys have had, like, you know, 600 athletes, and you can't find one who has made it, or obviously, you know, more, obviously, who hasn't made it, but you can't find one of any kind who comes and says, you know, I really regret this deal. This was an awful deal, whatever, I think that alone is, is pretty telling, and it makes sense to what you said as well, where, you know, there's like these two primary reasons why why people are taking the deal. And if you sort of mixed them, on the one hand being like investing in yourself, and you know, not having to do the babysitting or whatever not, I'm gonna do these side jobs in the offseason and being able to train. And then you take the other one of like, you know, having a little nest egg of, you know, investing in the s&p in case, you know, things don't work out, or if you do have a short career, whatever it might be, you sort of combine those along with what you said with like the sort of diminishing returns of you know, a private chef over grocery, you know, healthy groceries is not going to make like as big of a difference as not having to work 20 hours a week in the offseason to pay the bills. And so you might have players who sort of like, you know, cut off that that side job. So they're like, this is a huge value. But I actually don't really care that much about private chef, like, I can sort of make my own food or I've, you know, significant, significant other who's like a pretty good cook or whatever cooks healthy stuff. So you have these people who then just have all of the control and all of the autonomy to take this money and do with it what they see best. So I think it makes a ton of sense, from that perspective. And so you guys started with baseball, obviously, we've been talking pretty exclusively about baseball thus far. But I think in 2018, you started modeling, some other sports, I think football and basketball, first and foremost, and you're starting to dabble with those sports as well. Can you talk about how your guys sort of thesis



and approach translates across sports? Because baseball is this history of being I think, the most highly analytical because you said it's like one of a series of one on one matchups. It's just no one's moving all the time, it seems way easier to get really, really deep in the analytics and have them actually prove out than a basketball or a football. So how did you have the confidence that you could actually take this across sports? And how is that sort of translated today?

Michael Schwimer 32:24

Yeah, sure. So yeah, we started modeling, as you said, January 2018, really getting the data in in late 2017. To do football, basketball. We also now do hockey, but that was an early on. And so the idea was, I'm like, Okay, I'm kind of looking at the landscape. And I think college athletes are going to start to get paid soon. Now I had no idea is going to be the NFL at the time, or like what mechanism was going to occur. But at some point, they're going to start getting paid. And if they did start getting paid, not really, if when they start getting paid, then essentially college football becomes the minor league for the NFL college basketball becomes a minor league for the NBA. And so I wanted to be ready for when that happened, I was way off on time, I thought this is gonna happen, like ended 2018 and ended up taking several years after that for NFL to become a thing. But I wanted to be ready, right. And so we started building out these model holes. Now, we quickly realized and building out these models, they weren't as predictive as the baseball model because of how we were trying to model it. And so we brought on different people tried a variety of different modeling techniques, we're now our football and our basketball models are actually more predictive than our baseball model. Which is, which is pretty wild. But it's a lot more of these machine learning type models, where you again, five on 511 on 11 every action that's happening on a court is going to affect a different action on a different side of the court and all these different types of things. And so you have to really be able to capture all those interactions and all the possible variables that go into that. And so what we do for those sports is we essentially create like, you know, with every play, there's what is each player do to help the offense on this possession or help the defense on that possession right. And so like for example, if I'll give you like a quick example, like let's, you know, let's say a point guard has the ball, and generally speaking



a points per possession on average and basketballs 1.1 points per possession, He dribbles draws two defenders, passes it to a three point shooter, a really good three point shooter for wide open three, but that guy dribbles in and dribbles off his foot for a turnover. So like any normal stat, it's a terrible play by the offense. The plus minus for all the players on the court is bad, like it's just not a good situation. But for us, the point guard had the ball at 1.1 He gave it up and call it 1.5. Right and then that guy made a bad decision dribbled it in off his foot to lose the possession while the point guard gets point four points worth of value for us, essentially. Right? And so you can look at decision Making and you can look at, you know, how smart players are. And you can really, you know, create these profiles on these players to figure out like, what are they doing now? Where do they project to be doing later and really create some really cool predictions. Now from a business standpoint, we actually have not used it in the same way you know, DLA has on the basketball side. So basketball side, we now do it just for her team. So before we had all these beautiful models, but there was no NFL and that's kind of when, you know, coaches chef ski at Duke called and we went over some stuff and got a relationship with them to help them with their their, you know, basketball a bunch of questions. It was really cool getting to learn from Coach K and like seeing how systems built and then we've also gone over recently to Alabama as of two and a half years ago and have had great success there. But the football side we have gone into the players and really looking at your those relationships and we have done deals with about a dozen or more football players the same, you know, as the BLS I don't want to conflate the two companies, by the way, just for all the listeners out there. There's two separate companies here. B LA's the investment side and SAA sports analytic advantage is the one that does the teams that do the Alabama we also part own and run a soccer team over in England as well. On the sports analytic advantage side, but again, going to the bsia side, we now have these models for football players, basketball players, hockey players. And we offer again, we offer football and and hockey players deals like VLA. Right,

Jake 36:41

so I've kind of a two part question one, is that like a higher level and then another more specific, so at a higher level, how do you



determine like, you know, you come up with these basketball analytics, and you determine like the business model, you guys want to run there, at least for the time being is to work with teams rather than go the players route? So how do you kind of determine the business model that you want to run in a given sport or in a given context? That's kind of the higher level question and then the more specific detail oriented question is, like, with baseball, for example, there's like a couple of sort of key elements of the deal that I'm sure you know, you didn't just come up with them randomly arbitrarily, like you design the deal the way you wanted to do it. And I think one of those important pieces is that, you know, there's a floor. So if you don't make the, you know, like big leaves or whatever, you don't have to pay any money, that's like, not something that you had to do. But something that you decided was, you know, the best thing to do. And then the other thing is that I think you guys are offering an amount basically on a per point bases, like for a percentage of whatever they want to give up. And then you're actually giving the percentage autonomy to them to decide whether they want to give up, you know, one point in their, in their earnings for their career for x, or, you know, five points for 5x. So, and maybe there's other dynamics, but to those two dynamics. So, you know, those would be interesting to hear you speak to so the dynamics of the deal. And then the business model based on like the sport.

Michael Schwimer 38:06

Yeah, so they do amateur exact same across all the sports. So for football, it's the same thing, you get a percentage, you get it, we give you \$1 amount per point, and the player is allowed to pick whatever they want on a scale, whatever, you know, makes sense for them. So we made it exactly the same structurally, for the minor league to college. So that's been really helpful, kind of creating that same structure now. You know, there's obviously different components to the NFL side of it, because obviously, there's a name image likeness component. So we do give players \$5,000 to any charity foundation or cause of their choice. And then the player again, uses, you know, their name, image and likeness to support that charity on our path and say, like, you know, Nolan Smith did a great job on his. Here's a first round pick for the Eagles. He started a camp for kids in Savannah, Georgia, that couldn't go to Atlanta and



back to to get proper football instruction. And so these kind of underprivileged kids that now are able to get elite instruction there. Yeah, and there's, again, a great video on our website about that. And so, yeah, that's kind of the NIO component of it. And we also do the same thing now for baseball players to like scan every player gets \$5,000 to a charity. And we really believe in helping like grassroots campaigns, these athletes have a high your role model index, if you will, to in their local communities. So the more we can help get back, we think it's a really, really good thing. And, you know, we've given, you know, crazy amounts of money to players charity, and our investors have, you know, over over time, which has been, you know, really, really cool. We're actually in the middle doing a partnership with the United Nations as well as the refugee foundation to really help out Venezuelan refugees, a lot of our players, which is again, like this is the stuff that really matters. And so that's, I only bring this up to explain the components of the deal and how they go from again, the baseball football on the basketball side of it, you know, when what we do, what we decide side is, you know, it's pretty interesting. Like, we're not precluded of doing deals with basketball players or football players, you know, you surely like if there's players that come to us, we have models and we're ready to go. It's just we're not as we're not as active on that side, as we are on the baseball and the football side, there's just a lot less basketball players. You know, that ended up making it to the NBA. Now, again, we will still do that if you're there's a basketball player listening that thinks this can help like we're here. But we're not again, actively pursuing that. And I think that's another thing. Like the last thing I'm going to touch on here. You talked about the 630 players. And yeah, the players love doing these deals. And they are our biggest supporters like we get 1000s of incomings from players a year, hey, do you have an offer for me like wanting to do this stuff, and I think that, to me, is super rewarding that, you know, this is going like with this company is built by players for players and players love it. And that's what makes me really happy. Right?

Jake 41:18

And then so you guys have this, you know, secret sauce, so to speak, in terms of like your analytics across multiple sports now, you guys went and raised after the first fund of 26 million, I think 130



million in the second fund. And 250 Maybe in a third? What was like the story of what you guys are going to do? Was it just you know, we're going to repeat this playbook? Or was it we're gonna go? And you know, well, I guess that was all on the BLS side. So,

Michael Schwimer 41:44

exactly. So that's just repeating the playbook. Yep. So that's just repeating the playbook. You know, the first one, the first and second fund, those numbers are accurate, that third fund, we actually raised considerable about less than that, but it was intentional. You know, we wanted to, you know, there's a variety of things we're thinking about as a company, and we wanted to give ourselves a little bit more optionality, and instead of like, a longer fun life, and so we are about done, you know, by the end of this year, early next year, we'll be done with our, you know, investing in our third fund, and, you know, we'll be, you know, should be well over 700 player on that side. And that's really, you know, the fund investment business, like I said, it's, it's running itself really well, like the Malatya, the algorithms and models are doing a great job, then we get in, and our player relations team, you know, players, every year, out, if you take out the COVID year, every year, more and more players are doing these deals, like that's a good indicator for us. That the you know, our product is more and more popular, you know, amongst players. And so, yeah, that's, you know, we're just gonna keep doing that, you know, until until players tell us, this is not, you know, they don't want to do this anymore, right. Which I think would be, I don't think that that's going to happen, you know, just because again, like, when you're a player, you hear all the stories you hear not just the players that make it but you're friends with nine out of 10 that don't make it right. And so you get a lot better perspective when you're inside the industry than you would if you're reading a newspaper, or, you know,

Jake 43:21

on your couch. Right. And so you talked about, you know, seeing the fact that college players were going to be able to start making money was that, you know, whether it was the NFL or otherwise, was that the bottleneck on being able to enter these sports? Like, could you not have run any sort of deal like this before that came into play? Yeah,



Michael Schwimer 43:40

that's interesting, you say that I think we probably could have, but we didn't want to take the risk. You know, like the idea of student athlete protections, like, you should have the same rights as any student. Like if a student if you're 19 years old, and you create an app and you want to get an investment in that app, you're allowed to do that. Right? Why can't a 19 year old, you know, football player that wants to get an investment in his career? Right? Like, why can't he do that? You know, so I think that should have been allowed, but it was definitely questionable. And we didn't want to test those waters. So with the NFL that came out, we thought that that, you know, put us with the NFL components using their name, image and likeness. You know, only when only for the duration that they're in their college career, you know, would be something that made sense, right?

Jake 44:30

So not not so much as like a legal or literal unlock, but more of a practical unlock where, you know, now these guys are getting paid, so we can go and we can do this. And that brings me to another question. I understand like you guys go and you know, you have these conversations we talked about earlier with these players in the minor leagues are in college or whatever it might be. And you tell them, you know, in addition to all the other stuff that you said that you know, just the reality of the business and the way the models work, and and the way that You guys come up with your offers, in the vast majority of cases, if they don't take the offer, when you present it to them, it's likely to be a worse offer, if they were to come back with interest later, just because most players don't sort of keep on that, you know, ultra high trajectory that would be required to, to make the majors. So I'm curious, do you have you have you thought about, you know, going even earlier, with like, sort of the age and stage at which you guys are, are making these offers to players? Or is there just too much ambiguity and difficulty to predict, like a certain point,

Michael Schwimer 45:31

we have a policy that we don't do any deals with any players under the age of 18. And so that's really our that's an internal policy. You



know, there are obviously a lot of athletes that do massive deals, Michelle, we I think, did a deal like 14 or 15 worry, like 13, or 14 with Nike, something like that, you know, so like, you can do deals with athletes before they're 18. For me, like, I just think it's a good policy to do it at 18 years and on. And then it's just a matter of getting data, right? So like, how much data do we have to be able to make an informed decision? So like, for example, like a Latin baseball player signs when he's 16. So by the time he's 18, or 19, that's two or three years worth of data that we have, but an American player that's in college. Yeah, that's, that's 18 years old, we just we don't have any data yet. So we really can't offer that player to, like 19 or 20, right? Because he has to, again, they you sign in, in the United States, when you're 18 years old. So your first full year is like 18, and 19. And after your first full year, we have enough data to make offer. So it's just a combination of what is the data that we can get all before we're comfortable with making an offer and then the player must be 18 years

Jake 46:40

or older. Yeah, no, that makes sense. So last question, because I know we're coming up on time. You know, whether it's PLA or SAA, the the other sort of sub company that you mentioned, are a separate entity that you mentioned, or anything else, presumably, you're going to sort of keep operating in this realm that's around sports and analytics and everything like that. But for the next I don't know five years or maybe you don't look that far out two years maybe you look further out 10 years whatever it might be, where do you see like yourself and the types of stuff that you're working on and just the progress of these existing entities you know, and X number of years in the future? Well,

Michael Schwimer 47:19

my hope is that I can unlock something for people that are a lot smarter than me that can really take this model that's being used in sports and apply it you know, outside of sports I think the best investments we can make as a society is investments in ourselves right and I think like the money gap between yeah we're seeing it the middle class is being wiped away we're seeing that right so the more and more we can get you know people money to help invent you know, get get well off people to invest you know, money into people's and what they're



trying to do and whatever aspect whether it's music, whether it's you know, art whether it's doctor whether it's a lawyer so they can go to law school like this student loan stuff is wild, like a lot of a lot of this a lot of these aspects in life, I hope someone can take our playbook and apply it to other aspects of life. So that's kind of what I hope to see the next five plus yours you know, for us as a business I think you can expect us or our investment side to keep growing keep adding sports and keep being here for players that think that this can help help them so I don't think there's that much growth on the investment side we're going to keep going and on the SAA side I think there's a ton of growth a ton like we can you know, use our analytics buying sports franchises, you know, making them worth a lot more money selling them you know, which is a European model so you know, doing it that way we can also really help teams in the NBA the NFL, you know, make more you know, make better decisions using analytics and also you know, the GM side like I wouldn't think it's crazier than the next year to to take on you know, one one school in the ACC one school in the big 10 and one school in the SEC and really be the GM for the analytics department and help their football program basketball program women's basketball, baseball and hockey programs and help them build efficient rosters man that's, you know, toot their own horn here in Alabama, like they had very little nio money. They had nobody coming back on their rosters was ever outside. One of their top seven scores was coming back. You know, we built a team there. You know, obviously Oates runs that whole program, but we assisted him to find guys like their starting lineup essentially was Hofstra Cal State Fullerton, Ohio University, North Dakota State and Wofford. And they got to the final four last year all because, you know, a combination starts with the models being able to identify these players and their chemistry and how well they're gonna play together. Then the coaching coach Oates and his status such a great job player development, you know, putting all the players in the right spots with a beautiful system there. And then you get to the Final Four and there's like we can really do that in the professional sports as well. So I think there's gonna be a ton of growth on the SAA side. And again, the PLA side, we'll just, we'll do as many deals as players want us to do.

Jake 50:20

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Awesome Bull. I think that's a great way to wrap it up and very optimistic on what you guys are doing, you know, now and in the future. So really excited to follow along, but I appreciate you taking the time today. And yeah, best of luck with everything moving forward. Thank

Michael Schwimer 50:33
you so much for having me.