

Rapid Response Transcript – Rachel Jacobson

“Tapping a new generation of consumers”

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RACHEL JACOBSON: The Drone Racing League is the world's premier drone racing property. So, the fastest drones in the world and the most elite and skilled pilots in the world.

It's a net new audience. They are younger, and if you are not planning for the future demos that are going to be your customers, your clients, you're going to age out really quickly.

Every day, it's like: the first aerial sport you can bet on, first race in the metaverse. We're on a pitch call. And they were like, “We want to do a drone race on the moon.” We spoke to NASA about that. And like, “I'm putting banners on the moon.”

BOB SAFIAN: That's Rachel Jacobson, president of the Drone Racing League.

The six-year-old league, which mixes real-life racing and e-sports-like simulations, reaches 250 million households across the globe, from the U.S. to China, and boasts 2.5 million TikTok followers – one of the largest sports franchises on the platform.

I'm Bob Safian, former editor of Fast Company, founder of The Flux Group, and host of Masters of Scale, Rapid Response.

I wanted to talk to Rachel because as technology accelerates the blurring of lines between industries, new, nontraditional businesses are emerging.

Drone Racing League is part sports, part entertainment, with elements of crypto and blockchain, betting and the metaverse. And it taps into an emerging new generation of consumers that Rachel calls “techsetters”.

When partnering with both DraftKings and NASA are equally practical, as they've become for DRL, you realize that the possibilities spawned by new tech are just beginning.

There are lessons for all of us in the Drone Racing League story about keeping our eyes open and moving quickly, about exploring what may at first seem absurd, and in Rachel's case, about jumping headlong into making futuristic ideas into reality.

[THEME MUSIC]

SAFIAN: I'm Bob Safian, and I'm here with Rachel Jacobson, president of the Drone Racing League. Rachel's coming to us from the DRL offices in Manhattan. As I ask my questions from my home in Brooklyn. Rachel, thanks for joining us.

JACOBSON: Thank you for having me.

SAFIAN: I first came across the Drone Racing League in 2016, 2017, when I was the editor of Fast Company. We ended up citing DRL as one of our most innovative companies. It was this phenomenon that had started out with hobbyists racing their own drones, and it had grown into this high-tech sports league with races and fans around the world. I remember it kind of blew my mind that it even existed. Since then, DRL has grown. NBC and Twitter media partnerships, on WEBO, in China, commercial partnerships that span T-Mobile and Draft Kings and Algorand.

You came aboard two years ago, right at the start of the pandemic, and I'm eager to get into how you responded to that challenge and the scale efforts you put in place, but I'm curious: How did you first come across the Drone Racing League? I mean you'd spent 21 years at the NBA working alongside legendary commissioner David Stern. I can't imagine that drone racing was likely your aspiration unless you're a drone pilot yourself. How did you get connected to this world?

JACOBSON: The Drone Racing League had been a five-year-old property and really had just had incredible growth. Our CEO and founder, Nicholas Horbaczewski, Nick had an idea in a backyard when he was flying his own drone. And to his credit, he took this sport to a number of investors that saw what he wanted to build, the next multi-billion dollar mainstream sport. When you talk about David Stern, I met with David in the fall of 2019. And I had really left the industry three years prior to help run an HR tech startup that was all about investing in women and diverse groups.

So, David had talked to me, he was investing in a lot of early-stage technology companies, and he said, "We got to get you back to sports. The industry has changed, and I'm not sending you back to just one of the other sports that are out there." So, really it was David putting that on my radar, and literally a month later, I was approached to meet with the founder, Nick of DRL. And really from that first meeting with Nick, he talked to me about the sport he had now grown in five years, his vision for the future.

You think about building a multi-generational fan base, how you look at social and digital media, so I really felt like he had me at hello, and it moved pretty quick to the altar.

SAFIAN: When you talked to Nick, that first time, had you seen a Drone Racing League competition?

JACOBSON: I have 12-year-old boy, girl twins, so you better believe drones are a hot topic. I had seen some of the Twitter streams. I knew that it was a sport really made for this next generation, but I did not have the sophistication – all of the elements, how the

pilots qualify, who the partners were. I thought about a tech-driven global sport that had so much opportunity.

SAFIAN: For those listening who aren't as familiar with Drone Racing League, I want to try to describe it. There's a season that's televised on NBC, it includes a series of races, some in real life, IRL, using tangible, physical drones that go zero to 90 miles an hour in a second. And then there are virtual races like eSports or video games operated by the same pilots, using the same gear and controls, also televised, and the pilot leaders across these combined races compete for a championship. Do I have that about right? Am I describing that the right way?

JACOBSON: Yes, you have all of that right. The Drone Racing League is the world's premier drone racing property. So, the fastest drones in the world that we hand-build with our brilliant engineers are on the third floor in our office on 27th street here in New York City. And the most elite and skilled pilots in the world, they don't just do it in real life, they also do it on our DRL SIM, which is the most true to life eSports racing game.

So, think about NBA2K or Madden. This is how people fly and race drones in the video game world.

So yes, we run a season that tips off in the fall. It concludes late February this year, and then we are a 12-month property because there are so many other events that we are doing year-round to qualify pilots to do epic drone content, stunts, and capture, and then we just hit 2.5 million people on TikTok, so we have a ton of social and digital.

SAFIAN: Now you've got a championship coming up, semi-finals on February 5th, finals on February 20th.

Although, actually, that's when the races air on TV, because the races themselves took place back in January, in Las Vegas. Right? You were there for that. So, you know who won. Can you tell us, what was it like to be there for the championship races?

JACOBSON: Well, I'm not going to tell you who won because we want everyone tuning in. But I was there. I was live in Vegas, looking out on a spectacular course that we had set up during the first night of CES.

You have the Vegas community that had never seen a live drone race. And then we had top tier talent with Weezer performing a post race concert. So, it was really this intersection of sports, entertainment, technology. So, it was epic. It was unbelievable.

SAFIAN: And it's an interesting format that you have, the delayed part. And I'm curious about it, because isn't betting part of the sport, it's partly allowed? How do you do betting when some people are watching it way later or is the only betting going on at the time of the event itself?

JACOBSON: So, betting for us was a new vertical. I come from a horse-racing family. I think I was at the racetrack at five years old with my grandparents. Being at the NBA and having Adam Silver, as someone who was very outspoken and progressive about legalizing sports betting, I saw this kind of several years in the making before it got approved in 2018.

So from the time I was hired I started asking, "Can you bet on drones?" And we hadn't stood up a betting opportunity for our fans.

Our sport straddles the live to air and the post-produced. So, when you talk about the race in Vegas, that wasn't a race you can bet on, but the SIM racing that we do, that's live to air to bet, you can bet on.

So, really half of our season we take bets on. The other half is a post produced show that looks a little different. And as you can imagine, we're moving as quick as drones over here to put on our roadmap, the in-person, live to air events as well that you can bet on.

SAFIAN: So, you joined DRL just as the COVID lockdowns were imposed in the spring of 2020.

JACOBSON: I said yes to the job five days before the pandemic hit. I was in the city with Nick, March 11th or 12th I think it was, that weekend. They were canceling sports, and everything else. Meeting an entire team over Zoom, and trying to run a company during such uncertain times, there was no playbook there for what Nick hired me for, but I definitely put my head down.

SAFIAN: You quickly jumped to capitalize on the sports desert that had kind of descended in those early lockdown days, which proved pretty impactful. Did you reach out to NBC? Did they reach out to you? How did it come together that the virtual drone racing became something that was so quickly part of the plan as the pandemic unfolded?

JACOBSON: So, NBC had been great partners of ours, but our season was not starting until the fall. They had a void in programming. We had pilots around the world that could compete on our SIM. So, we really worked on putting together a two to three month programming slate.

NBC was in dire straits. They looked at all these other sports that had been canceled. We do all of our production. So, we were ready to dive in. We set our pilots up in their basements or their living rooms with all of the tech so we can air this.

SAFIAN: You also launched some research about the DRL audience, which is surprising in some ways, this audience. Unique. They're not traditional sports fans or eSports fans, most of them, but they exhibit a lot of the traditional fan characteristics, and you call them "techsetters." Can you explain what that means?

JACOBSON: So, yes, we have dubbed them techsetters. This was the most comprehensive research study that DRL had done. There was a lot that we knew on the surface. They're young, they're tech savvy, they're early adopters, but I wanted the data.

And really what we found out is: they just don't follow traditional stick and ball. They don't care how far Tom Brady throws a pass, but they love technology. And they are really invested in what the future looks like. They love speed. And we dubbed them techsetters because they are really guiding this next generation. They want to know the next iPhone that's coming out or the coolest gadget.

SAFIAN: And I can hear the business case here that DRL is a way to reach this sort of new, young, passionate demographic that's maybe not available through other sports leagues.

JACOBSON: Definitely. During COVID, it was very evident that marketers and companies really took a beat to look at: Where are we spending in our portfolio? And what a lot of companies found is there was duplication.

And that's really where we had this opportunity by showcasing our fanbase and really educating so many people that didn't know, Bob, to your point, like "tell me more about drone racing." It was very fertile ground because it's a net new audience. They are younger, and if you are not planning for the future demos that are going to be your customers, your clients, you're going to age out really quickly.

[AD BREAK]

SAFIAN: Before the break we heard Drone Racing League President Rachel Jacobson talk about real-life racing versus Sim racing, her unique "techsetter" fan base, and why NBC leaned in when the pandemic hit.

Now she goes into crypto's role in the sport, what makes DRL different from her old perch at the NBA, and a potential race on the moon. Plus, Rachel shares her biggest lesson since joining DRL: that sometimes not analyzing all the details before taking action can be an advantage.

DRL is this unusual mix of sports and tech and gaming. You've talked about it as an omnichannel sports league. That's not a phrase that I'm familiar with. What does it mean to be an omnichannel sports league?

JACOBSON: Well, we've entered crypto. We looked really early on when crypto started to heat up in the sports world of where did our demo sit, and they love crypto. So there was a great overlap. So when you think about an omnichannel, we really cut across all of those areas: a top tier global sports property, entertainment, best content capture, digital social, and now crypto. It is this multifaceted organization, and that's really where you get the omnichannel from.

SAFIAN: And I guess ideal for the hot area of the metaverse.

JACOBSON: You better believe it.

SAFIAN: How do you think about building an audience for something that's so new and so different?

JACOBSON: Great question. So, TikTok, we're at two and a half million in, really, the last, I don't know, 16 months. I already have two of the big five in our rear view mirror. And we are head-first to get to be in the top three of the most followed of any of the global sports properties. It's absolutely in our sights and achievable, but we have to put the right content out on that channel to make sure that people want to follow us and engage.

If you were in Vegas, there was something for you, whether you were 15 years old, 30, or 60, from the racing to the talent, to the mint your own NFT in our activation space. And that's how we think of it: we want to be one of the most inclusive sports. I have my mother to remind me of that when she tells me she's tuning in, you can't forget about her demographic. And she has her favorite pilot, which is Gab707. She thinks he is fab.

SAFIAN: And then you also have a DRL Academy STEM program.

JACOBSON: So our DRL Academy, similar to other sports, find their lane of what's really authentic to them. Well, STEM is very authentic to a Drone Racing League.

We talk about middle school being one of the last best chances to get people interested and excited. And we've partnered with Steve Wozniak's Woz ED, as well as Robotify, which is another leader in the robotic space. We are building a curriculum to get kids excited. They don't have to be a championship drone pilot, they don't have to code as a full-time job, but the fact that they can grow up in a world that it's not just the traditional types of careers that maybe you and I grew up in is really an area that we are focused on inspiring this next generation and starting with making STEM programs fun and cool and getting some of their favorite athletes and performers to be part of that curriculum.

SAFIAN: What do you think of the NBA's tech efforts today? I mean, from game-tracking, player health, digital collectibles like the Hotshot marketplace, do you keep in touch with your former NBA colleagues? Do you share and trade ideas?

JACOBSON: Definitely. Definitely. You better believe that we are trading notes. I got to DRL, I had a number of NBA team owners, love what we were doing. Want to figure out how to get involved. We also have NBA players that fly drones as well as other sports leagues. So there's been some really nice crossover there.

And it's no surprise that the NBA continues to take such a leadership role with technology. And I look at a number of things that they've done. And then I look at our drones. And our drone is the ball. But the difference between our drones are: I can partner with a lithium battery company or a 5G network or a cloud-computing company, and our sport literally can run on their products.

So that is something very much on the roadmap for '22 and beyond of how we use these top technology companies to really reimagine where our sport goes in the future and to have those companies as part of the growth trajectory.

SAFIAN: Do you miss the NBA at all?

JACOBSON: It's so different from what I was doing at the NBA, but I love it. Like I love the NBA for different reasons, it's almost like I've had the best of both worlds as I say. But the excitement I have for where this sport will go, I see it through the eyes of my 12-year-old twins where their kids are going to grow up in a world that you talk about, "I root for baseball, like this is my favorite drone racer."

We will be part of that vernacular. For us every day, it's like the first aerial sport you can bet on. First race in the metaverse, we're on a pitch call. And they were like, "We want to do a drone race on the moon." I called Nick, and I was like, "Nick, drone race on the moon?"

He's like, "Yep. We spoke to NASA about that. You go sell it."

And like, "I'm putting banners on the moon."

SAFIAN: Are there lessons that you feel like you've learned as a leader since joining DRL in the last two years that you'll carry with you that others listening might learn from?

JACOBSON: I definitely feel like during COVID, you didn't have the luxury to do the analysis on a lot of things before you had to execute. And oftentimes, so much analysis is done, and you miss the moment, but it's just the way a company is wired to make sure that there is a sign-off across the board that you've thought of every angle in turn. It was the first time I would say I was in more of an uncomfortable space of making decisions without all of the analysis before we had to hit go. And it worked out in our favor. And what I told the team is: "Everything's not always going to go right, but we are going to put ourselves out there. And when it doesn't go right, we're going to learn from it."

So the learning that I'm going to take is oftentimes we want perfection or excellence. And what we found is if we waited for those two things to happen, we were going to miss the boat. And the fact that we brought our SIM Cup on NBC during the pandemic, and we gained a ton of more fans, that we doubled down on our social and digital. All of those pivots that we made again without all of the data and analysis, I don't regret any of that.

It really has given us this incredible momentum heading into this year, that might not have happened if we slowed down a little bit.

So yeah, you are going to see a lot of big news coming out of our '22, '23 and beyond.

SAFIAN: Well, Rachel, thank you so much for doing this. I really appreciate it.