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Profile: Crystal Palace co-owner John Textor on serious shopping spree in European football – but his model is very different from Man City's

- Digital media entrepreneur and co-owner of Crystal Palace, John Textor, just acquired Botafogo and invested in RWD Molenbeek. He is also on the verge of buying into Benfica.
- The Brazilian and Belgian market, while offering opportunities, are complex and tricky. Textor is confident that his different approach to a multi-club ownership model should do the trick.
- Why it matters: At the moment, Textor is the most active and aggressive owner in the market, acquiring stakes and expanding his portfolio.
- The perspective: Textor is not the first American businessman to own clubs in European football. But he stands out with a different way to create value through a multi-club ownership model.

They chanted, shouted his name and danced in adoration. Here was a man who could deliver salvation, who could rescue the club from years in the purgatory of sporting failures, financial mismanagement and a lot of self-inflicted misery. No more.

Botafogo fans were unanimous: Textor was their savior. He embodied, and envisaged, a new dawn for the proud and storied Rio de Janeiro club; one of sound management, substantial investment and, of course, success on the field.

During his five-day whirlwind stay in Rio de Janeiro, the Marvelous City', Botafogo supporters reveled in his every move and his every word.

The sky became the limit, now everything was possible - but who is the digital media entrepreneur from the United States, who has gone on a major spending spree to build his own football dream?

The businessman from Kirksville

Born in Kirksville, Missouri in 1965, Textor, has always been something of an entrepreneur, his career laced with success and failure.

Perhaps, his ancestry offers a clue. He is a descendant of Hamilton Macfarland Barksdale, a notable executive and director of DuPont, the gun powder and chemicals business of one of America's wealthiest families.

A pro-skateboarder in his youth, Textor pursued a Bachelor of Arts in Economics from Wesleyan University in Middletown, Connecticut in the '80s before he pivoted away from IT to become an investor.

He describes himself as a "once a programmer-turned-venture capitalist" who "presided over great successes and great failures in the startup, turnaround, acquisition and growth of more than a dozen pure technology ventures, a number of which achieved global notoriety, unicorn valuations and successful exits."

In the early '90s, Textor and his holding company Wyndcrest Partners supported Art Technology after Bain and Softbank withdrew, leading the pioneer in e-commerce to a successful IPO in 1999 and a liquid valuation of more than $10 billion.

That same year, he sought to revolutionize and monetize the digital distribution of music, film and social networking through his startup Jester Digital Corporation, which developed an internet-based 3-D multi-user virtual world.

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Textor, his career, suggests has always harbored a fascination for technology. In 2006, he acquired and restructured Digital Domain. His new asset produced visual effects for blockbuster movies, including Transformers, Thor and Pirates of the Caribbean at World's End.

But expansion and a hostile restructuring led to Textor's exit and his biggest professional failure.

In court, he was cleared of any financial wrongdoing and awarded damages, which he used to found Facebank and takeover sports-streaming platform FuboTV in 2020. FuboTv was then floated on the stock exchange.

A passion for sport has made Textor a multi-club owner

Textor has always been interested in sports: in 2008, he launched the football academy Florida FC with the explicit mission of providing "a pathway" for players, on and off the pitch.

In the summer of 2021, he took a more significant leap when he invested £90 million in Premier League club Crystal Palace, acting on a long-held ambition to acquire an English topflight club and in doing so providing the club with substantial cash to plan infrastructural projects.

He became the club's fourth owner and director along with Americans Josh Harris and David Blitzer, and chairman Steve Parish. It was Palace's academy and the club's catchment area in south London that however intrigued and interested Textor the most.

At a recent news conference, he said: "At Crystal Palace, I may have visited the first-team training center two or three times. But at the youth academy, which is just next to it, they can hardly get rid of me."

Non-profit organisations

At Botafogo, he also sees the development of players as a core business.

"He wants a strong football department," explains Botafogo president Durcesio Mello.

"A strong youth set-up to generate value in players, who go on to play for the first team and in the end are also sold on."

Mello, along with CEO Jorge Braga, has been instrumental in facilitating Textor's investment in Botafogo. Brazilian clubs do not operate as companies but as non-profit associations.

They are owned by their members. Indeed, most are still social clubs, with paying members in multiple sports, such as volleyball, rowing and basketball.

As non-profit entities, they are prevented from engaging with investors. As newly elected president in 2020, Mello promised to modernize and professionalize the club moving from an FC to a LLC or S/A, Sociedade Anônima. In Brazil, this idea is referred to as '*clube-empresa*'.

Most club presidents in Brazil promise the world, but often deliver very little.

Mello has proven to be different. The club is now a company and Textor is to spearhead a new future.

"He was interested in Brazilian football," explains Mello. "He was thinking of acquiring a smaller Brazilian club, but Danilo Caixeiro and Thairo Arruda from Matix Capital convinced him to buy Botafogo."

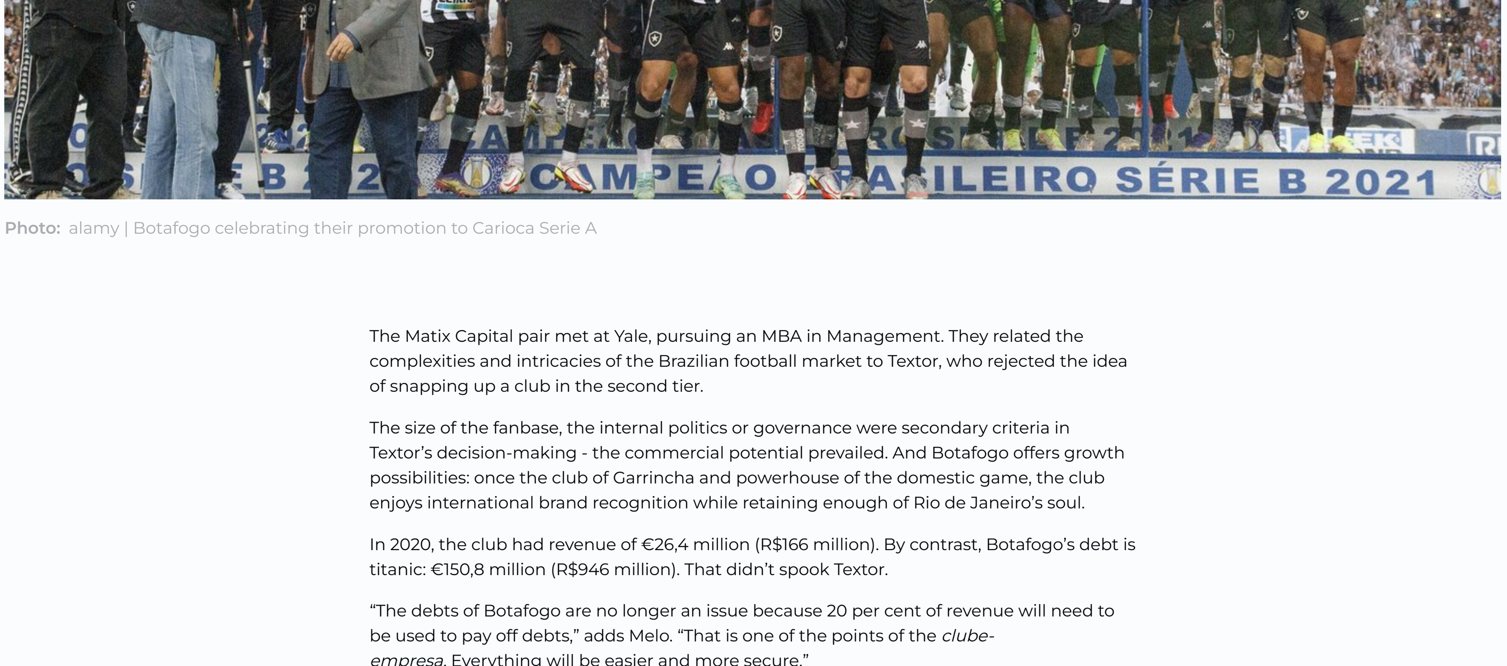

Photo: alamy | Botafogo celebrating their promotion to Carioca Serie A

The Matix Capital pair met at Yale, pursuing an MBA in Management. They related the complexities and intricacies of the Brazilian football market to Textor, who rejected the idea of snapping up a club in the second tier.

The size of the fanbase, the internal politics or governance were secondary criteria in Textor's decision-making - the commercial potential prevailed. And Botafogo offers growth possibilities: once the club of Garrincha and powerhouse of the domestic game, the club enjoys international brand recognition while retaining enough of Rio de Janeiro's soul.

In 2020, the club had revenue of €26,4 million (R$166 million). By contrast, Botafogo's debt is titanic: €150,8 million (R$946 million). That didn't spook Textor.

"The debts of Botafogo are no longer an issue because 20 per cent of revenue will need to be used to pay off debts," adds Melo. "That is one of the points of the *clube-empresa*. Everything will be easier and more secure."

"If you look at the revenues of a football club in Brazil, this debt would scare you," said Textor in a rare interview with Brazilian TV Globo.

"But the impact that the club can generate is much bigger. We can engage our fans, our audience, in a very profitable way. Look at Manchester United, for example, who have a very loyal fan base on a global scale, but fail to reach their full potential in terms of their business model."

"A club like Botafogo, with millions of fans, gives many opportunities. Where there is that kind of passion, there is room for growth. And there is no debt too high for a global business model. It's a huge debt for a club here, but the government made a law, which has made it possible to pay off that amount."

Textor will acquire 90 per cent of the club shares, with Botafogo retaining the remaining 10 per cent.

That split will reflect a new legal structure with the football department integrated into a limited company, Eagle Holding, whereas the other sports will continue in a non-profit organisation, Botafogo FR, which Mello will chair. The American is to invest €62 million (R$400 million).

Sees value creation differently

Textor wants to build a network of clubs that differs from a more classic multi-club ownership model so prevalent in the modern game.

"It's a relationship, not necessarily a multi-club ownership model," said Textor. "City Football Group did not acquire this group of big clubs. I hope Botafogo will work in partnership with other clubs on the same level, like Benfica. This has never happened before."

> He was thinking of acquiring a smaller Brazilian club...

"No club should be just a satellite for another. Every club is important for its fans, for its country. Why would I do that? It has no logic. When we talk about collaboration, it gives more opportunities," Textor said.

He didn't wait long to deliver on his promise to expand his portfolio of clubs.

Within days of his Botafogo takeover, the American became a majority shareholder at RWD Molenbeek, a storied but meandering second-division club on the outskirts of the Belgian capital Brussels.

The club's chairman Thierry Dailly first engaged with Textor on Zoom.

"We were immediately on the same wavelength," says Dailly, who speaks with the marvelous Bruxellois accent of the legendary Raymond Goethals: "The same vision, the same passion.

"In Brussels, we say: 'the first contact is always best' - and it was. I immediately felt his passion. It is someone who invests in football and that is different from someone who invests to sell."

Textor's arrival ended Dailly's three-year odyssey for a suitable investor. He guided the Molenbeek club from the amateur leagues to the second tier of the domestic pyramid in the space of seven years, but the cut-throat competition and the financial impact of the global pandemic pressed Dailly to seek fresh cash.

Molenbeek's latest accounts back up Dailly's tight control of the purse - they show a marginal loss of €3,000.

He spoke to 20 different investors, including Joseph DaGrosa, but didn't encounter the right match until he got introduced to Textor. The pair met for the first time at Selhurst Park and it didn't take them long time before they had agreed on a deal.

The American is the second Crystal Palace director to embark on a Belgian adventure. Through Bolt Football Holdings, David Blitzer owns Waasland-Beveren, who also feature in the second tier.

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Dailly says he never had a loss for seven years: some years a little gain; some years break even.

"The situation of the club is very difficult today. With the smallest budget. We are a big family and John speaks a lot about family, people and the community. I think that with John I have got the best profile and certainly someone with the same vision. It is a big plus for the club that we can move forward with a shared vision."

"In the center of Molenbeek and Brussels, you breathe football and passion. I have been to Crystal Palace and felt the same there. They are almost the same clubs.

"There are many factors that are the same. Crystal Palace is one of the neighbourhoods in South London that, like Molenbeek and Botafogo, has a certain popularity, with a lot of people around and a lot of diversity.

"Of course, we have to be honest football is also about money. That's the case everywhere. But I didn't feel like I was dealing with someone for finance or business."

The diversity Dailly alludes to is one of the reasons Textor identified Molenbeek as a key to his network of clubs.

The club has a long tradition of developing youth players and the Belgian capital is a hotbed for talent. There is also the proximity between Brussels and London. Palace's Jacob Montes has already been sent out on loan to the Edmond Machtens stadium.

> If you look at the revenues of a football club in Brazil, this debt would scare you

But in Belgium, Textor finds himself in a landscape that is as complex as it is tricky.

Foreign owners, including City Football Group at Lommel, dominate the second division. They all want promotion and return on investment, one way or another. And that's the million-dollar question at the heart of Textor's turbo-charged spending, snapping up clubs and seeking a share in Benfica: how will the American benefit from his investments and what will his global network mean for its clubs?

Will Crystal Palace sit at the top of the hierarchy, with the other clubs feeding players to the London club and the lucrative English market?

Textor has been a crowd-pleaser. He tells a story supporters love to hear, a story of victories written in the language of money. But is it that straightforward?

As Dailly says: "You can't buy football, "ça se construit."

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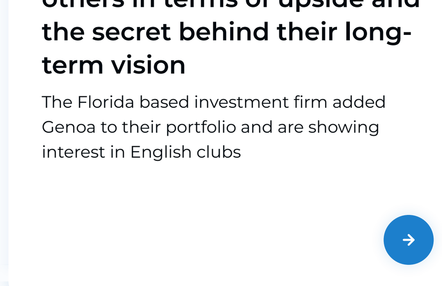

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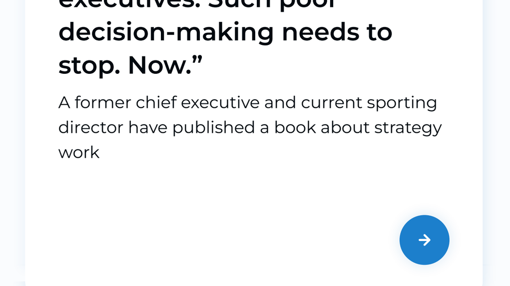

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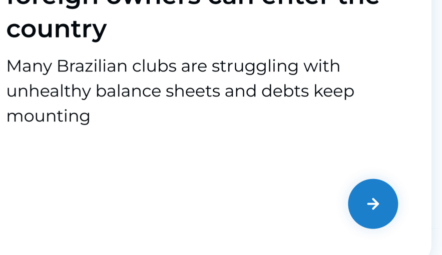

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