

FORTUNE

Bob Iger schooled him on Disney's grand theory of IP. Now Gerry Cardinale is backing Skydance Media's \$8 billion bid for Paramount Global

By Paolo Confino
8 June 2024



Gerry Cardinale, chief executive officer of RedBird Capital Partners.

In Hollywood, the Marvel Cinematic Universe isn't just an obsession of teenage fandom. Disney's conversion of a collection of decades-old comic book characters into an \$30 billion box office juggernaut is the quintessential playbook for building a staggeringly lucrative intellectual property empire.

That IP playbook is what Bob Iger—the former and current Disney CEO—found himself explaining to the eager financier known mainly in the world of sports who was sitting across from him at breakfast at the Beverly Hills Peninsula Hotel in 2021.

Gerry Cardinale of RedBird Capital Partners peppered Iger with “a lot of questions” about how Disney thinks about its IP, which also includes Star Wars, Pixar, and a cast of cartoon characters and princesses from the Magic Kingdom. “We hit it off right away,” Iger tells Fortune. “I was enamored with his curiosity—and with what he already seemed to know.”

“He gets the fact that great IP is the equivalent of beachfront property,” Iger says. “He knows that the world is in need of entertainment, and regardless of the means in which they get it, or how it’s monetized, there’s real value to it, and it’s long-term.”

The two men became friends, and when Iger was between his two CEO stints at Disney, in 2022, RedBird gave him office space to work out of. (Iger never accepted a formal role at RedBird, but he has advised the firm and refers to himself as a “friend of the court.”)

Meanwhile, Cardinale’s thesis about the enduring value of intellectual property—which had been evolving since long before he met Iger at the Peninsula—has formed the basis of RedBird’s IP investment portfolio, which has expanded far beyond sports, to entertainment and media. And now, RedBird is backing an \$8 billion bid to acquire one of Disney’s major competitors: Paramount Global.

RedBird’s portfolio company Skydance Media, the movie studio run by David Ellison (son of Oracle cofounder Larry Ellison), has been negotiating a deal to buy chairwoman Shari Redstone’s controlling shares of Paramount. Also in the Skydance and RedBird camp is the private equity firm KKR. Redstone’s stake in Paramount is owned by National Amusements, the company founded in the 1930s by her grandfather Michael Redstone and that her father Sumner turned into a sprawling media conglomerate that owns CBS, Nickelodeon, MTV, and the storied movie studio Paramount. As currently conceived, the deal would see Skydance acquire National Amusements and then merge with Paramount, creating a single company. At that point RedBird, KKR, and Skydance would add roughly \$1.5 billion to Paramount’s balance sheet to help pay down some of its debt. Representatives from RedBird declined to comment on the record about the ongoing negotiations.

Redstone is also mulling a \$26 billion offer from the private equity giant Apollo and Sony to buy Paramount outright. The competing offers have made for no small amount of corporate intrigue and breathless media coverage. Last week, according to Puck, the special committee evaluating the sale on behalf of Paramount’s board blessed the complex Skydance/RedBird bid after the Skydance group upped its offer to shareholders, but since then the negotiations have hit a snag.

Should Skydance succeed in its bid, RedBird would become a part owner of a Hollywood studio, making Cardinale a kind of peer to Iger, if not a media mogul in his own right. (Iger declined to comment on the proposed deal, saying he and Cardinale hadn’t discussed it.)



Bob Iger, center, with the Marvel superheroes the Avengers.
JEFF GRITCHEN/MEDIANEWS GROUP/ORANGE COUNTY
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Cardinale, 56, rejects the notion of himself as a mogul, preferring the label “investor.” He certainly talks about sports and entertainment like someone hardwired to think analytically: Good private equity deals are hard to come by lately because “the supply-demand imbalance pretty much drives you to levered beta.” The Italian soccer team AC Milan he bought for \$1.2 billion wins games by maximizing “ROI on goal efficiency.”

But this jargon-heavy lingo belies an investor uniquely attuned to the subtleties of the so-called culture industries—sports,

entertainment, and media—in which Cardinale specializes. They are industries that require more than just SWOT analyses, accurate cash-flow projections, and a balanced budget. The business of culture is really about selling intellectual property, and for IP to have any value, it has to make people feel something.

An IP monetization engine

Cardinale, 56, may not have the stature, name recognition, or notoriety of other media-world tycoons, such as David Zaslav or Iger, but your favorite celebrity’s agent has probably heard of him. And those who have watched his ascension over the years aren’t surprised to see him emerge into the spotlight. Cardinale, a former Rhodes scholar, who has steered RedBird’s \$10 billion in assets under management with an eye for value honed over two decades at Goldman Sachs, is building a media portfolio for today’s attention economy.

“I think he’s focused on world domination,” jokes Fenway Sports Group CEO Sam Kennedy. “He is driven. I mean, he really, really is.”

As the cable giants and movie studios lose ground to tech behemoths such as Netflix and Amazon, Cardinale is betting big on his belief that it’s in the IP, not the distribution channels, where great opportunities lie for an investor like himself—one who styles himself after the likes of Rupert Murdoch and “Cable Cowboy” John Malone, domineering media barons of a more swashbuckling era.

RedBird already holds an impressive portfolio of media assets, but in 2024 it’s one that looks different from the media conglomerates of yore. RedBird has built its business by prizing intellectual property of all kinds—going beyond cable channels, publications, and movie studios to sports teams, Formula One racing, video gaming, political ads, and a multiplatform content company based on children’s books. In this universe, anything can be IP—so long as it comes with a ready-made audience.

“We’re an IP monetization engine,” Cardinale says, summing up his investment strategy, in an interview with Fortune. “That’s what we do.”

It’s a principle that has informed RedBird’s investments in sports and sports-adjacent businesses, from its stake in a Formula One team to its \$1.2 billion bet on Italian soccer: In 2022, RedBird bought AC Milan, a 125-year-old team that Cardinale says has around 500 million fans globally. Before that, in 2021, RedBird bought an 11% stake in Fenway Sports Group, the holding company that owns the Boston Red Sox, English soccer team Liverpool FC, and the regional sports channel New England Sports Network. Later that year, alongside FSG, RedBird would invest in NBA star LeBron James’s entertainment company SpringHill, in a deal that valued it at \$725 million. Cardinale tells Fortune that RedBird, Fenway, and the basketball star are working on possibly acquiring an NBA expansion team, should one become available.

In the entertainment world, in addition to Skydance, RedBird has backed Ben Affleck and Matt Damon’s film production company, Artists Equity. It recently acquired the production company behind the critically acclaimed British television show Fleabag and the reality game show Squid Game: The Challenge. And it had tried to break into the news business by acquiring the U.K. publications the Telegraph and the Spectator alongside co-investors from the United Arab Emirates, in a deal shepherded by former CNN head Jeff Zucker. (Ultimately, RedBird abandoned that deal when it became clear British regulators would block it.)

RedBird even has an eye on the next generation of content consumers, starting a company with the children’s book author Mo Willems to make kids shows based on his popular animal characters, including Elephant, Piggie, and a pigeon that’s very eager to drive a bus.

Each move is a “derivative of the same play,” Cardinale explains. “It’s all a portfolio construction around core, premium intellectual property.”

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but Cardinale is aligned with Iger’s view of the imperishable value of the “beachfront property” that is IP. Creative output—the work of humans, not AI—may seem an ephemeral commodity to invest in, but Cardinale is aligned with Iger’s view of the imperishable value of the “beachfront property” that is IP. “If you start with the best intellectual property,” Cardinale says, “it intrinsically rejuvenates itself.”

A ‘seat at the economic table’ for the Jordans and Afflecks of the world

The first movie released by Affleck and Damon’s creator-led film studio, Artist Equity, was *Air*, the story of how Nike signed its endorsement deal with Michael Jordan, whose mother convinced the shoe and athletic wear company to give the budding basketball star a cut of the profits for the industry-shifting sneaker that bore his name. That move, which inextricably linked Jordan and Nike and made *Air Jordans* a perennial symbol of coolness, arguably kicked off the current era of the celebrity as IP.

For Affleck, who has said his production company aims to allow creatives to “take ownership of their creative power” via profit-sharing arrangements with the cast and crew, this story choice was no coincidence. “*Air* so closely paralleled thematically so many of the things we were doing with the company,” Affleck tells *Fortune*. “It kind of speaks precisely to the company’s values.”

For his part, Cardinale frames his many celebrity collaborations as, simply, shrewd investing: He wants to be in business with the Michael Jordans and the Ben Afflecks of the world, the sort of talent that has earned “a seat at the economic table,” as he puts it. And the movie *Air* offers a kind of proof of concept: A budding basketball star shares the profits from his shoe endorsement, which becomes a \$6.6 billion brand, while making him a billionaire.

Of course it’s not a given that creative types or professional athletes will easily connect with a “suit” like Cardinale. One of the reasons they do, Cardinale says, is that he treats them as partners in the enterprise that is their career. Cardinale has convinced a slew of A-listers, including Dwayne “The Rock” Johnson (the two bought the XFL together) and Ryan Reynolds (Cardinale’s co-investor in a Formula 1 team), that he’s the man to make their business wishes come true.

“They appreciate my desire to add value to them,” Cardinale says of his celebrity partners. “I kind of look at them all as legitimate IP in and of themselves—and I can help them do more with their career than they could if I wasn’t in their life.”



Gerry Cardinale and the iconic former player and team executive Zlatan Ibrahimovic at an AC Milan match in April. CLAUDIO VILLA/AC MILAN VIA GETTY IMAGES

Affleck has known Cardinale since 2000, when he and his childhood friend Matt Damon were making the rounds of investment banks seeking funding for LivePlanet, a since-shuttered production company that had the then-kooky idea to put TV shows and movies on the internet. Cardinale, then a 32-year-old vice president at Goldman Sachs, made an impression because he “didn’t fit the caricature of either private equity or bankers, as being ruthless and mercenary,” Affleck says.



Gerry Cardinale, right, chats with Ben Affleck and Andrew Ross Sorkin on stage at the New York Times Dealbook Summit in 2022.

THOS ROBINSON/GETTY IMAGES

The two kept in touch sporadically. And when Affleck decided to start Artists Equity with Damon, he went straight to Cardinale’s RedBird for funding. Cardinale, now no longer the “junior guy on the desk at Goldman,” according to Affleck, was attuned enough to the nuances of the entertainment industry to understand Artists Equity’s ambitions to shake up the business model of movies—and RedBird agreed to a nine-figure investment.

Affleck tells *Fortune* that Cardinale is hardly the traditional tight-fisted financier—quite the opposite.

“I found myself a little bit more conservative than he is,” Affleck said. “I’m like, this is my only business, Gerry, you know what I mean? It’s not a portfolio. I gotta make sure this works. So I actually find myself more risk-averse than he is.”

Opportunities in a ‘discombobulated’ industry

Great entertainment is a risk worth taking, Cardinale maintains. Viacom founder Sumner Redstone, Shari’s father and one of the defining media barons of the 20th century, is said to have coined the phrase “content is king.” That’s even more true, Cardinale says, now that technology has rebuilt the media landscape and its distribution systems. “IP is such a good business because it is insulated from technological disintermediation,” Cardinale says, slipping into finance speak. “Right now, technology and the way content is distributed has everybody discombobulated.”

It was amid that industry-wide turmoil, and perhaps because of it, that Cardinale sought out Iger’s advice. “The genius of Bob is that he understands the delicate interplay between the financial complexities of the rapidly changing media business and the importance of talent and great story tellers,” Cardinale said. “This has always distinguished him but never has this been more important than today with all the challenges facing Hollywood and the need for hands-on transformational thinking.”

The challenges Cardinale is referring to are the shattering of the culture industry’s old business models. Streaming has splintered the cable bundle, smartphones obliterated our attention spans, and social media gave us an algorithmically personalized boob tube right in our pockets. Audiences have access to infinite content across countless platforms. All this while cable, movie theaters, and even print magazines, are still around—diminished but still making up a large portion of revenue (including the two-thirds of Paramount’s top line that comes from cable and network television).

In such a world, Cardinale says, content is not just the king; it's all you can rely upon. "If you have the right intellectual property, you can absorb the transitional changes from one distribution model to another," he says.

It remains to be seen, of course, how this thesis will play out if Skydance, RedBird, and KKR manage to pull off the Paramount deal. In doing so, Skydance would merge with a company that owns, in addition to its treasure trove of a content library, some big distribution pipes: television channels that include CBS, BET, and MTV, and the streaming service Paramount Plus, which lost \$490 million in 2023.

Shari Redstone has indicated she would prefer to sell to a buyer that will keep the company intact—and the plans from Sony and Apollo to break up the portfolio are said to have been a sticking point to their competing bid. But even if the empire the Redstones built remains intact, RedBird and Skydance are likely to cut costs to the bone at Paramount's cable channels and milk them for cash, as the cable industry slowly, inevitably dies.

Paramount's leadership—which consists of a triumvirate of executives that make up the "office of the CEO"—announced a \$500 million cost-cutting plan of their own at the company's annual shareholder meeting this week. Paramount declined to comment for this article.

Skydance, the studio behind *Top Gun: Maverick* (produced alongside Paramount), has won over several high-profile backers of its bid, including the director James Cameron, whose beloved hit *Titanic* is a piece of Paramount IP, and Ari Emanuel, the super-agent CEO of Endeavor.



Shari Redstone with her father, Sumner Redstone, at an event in 2012.

PHOTO BY MARK SULLIVAN/WIREIMAGE VIA GETTY

An IP approach forged in the world of sports

Cardinale was full of questions about Disney's approach to IP when he met Iger in 2021, but he was hardly a novice. "There are people in the banking world and the investment community that you have to teach," Iger says. "He comes to the table having already learned it."

Cardinale learned much of what he did about the sports and entertainment business during his time in Goldman's private equity arm. There he did major deals with the New York Yankees and the Dallas Cowboys, and even worked on the 2005 deal that never came to fruition between Goldman and Michael Jackson's estate to buy part of the King of Pop's music catalog.

Over the years working with the likes of Yankees owner George Steinbrenner and Cowboys owner Jerry Jones, Cardinale started to become more and more intrigued by the media business that's so crucial for ginning up the excitement that surrounds sports. In 2001, with Steinbrenner and the Yankees, Cardinale, who was still at Goldman, helped secure the financing for the Yankee Entertainment Sports Network, a cable channel dedicated to the baseball team. That experience taught Cardinale to look for connections between sports and media—and to start seeing sports as IP.

That's a big part of his approach with AC Milan. Cardinale wants to replace the beloved Italian soccer team's iconic but creaky San Siro stadium with a gargantuan Yankee Stadium-style temple to

commerce, filled with VIP boxes, restaurants, and merch shops. “I’m able to look at the sports industry, and the media and entertainment industry, as ecosystems,” Cardinale explains. “And then what I do is I look for dislocations. I look for areas where there’s a need for improvement, evolution, and professionalization.”



COURTESY OF REDBIRD CAPITAL PARTNERS

It’s a theory Cardinale was testing during his crash course with Iger, according to the Disney chief. There’s an “enduring quality of sports,” said Iger, who oversees the Disney-owned sports channel ESPN. “It’s not new, but yet it still thrives, which I think says a lot.”

Once considered a trophy asset, the sports market, which is valued around \$626 billion according to the market research firm Circana, is now one of the most lucrative asset classes in the world.

Sports attracts professional investors like RedBird, has its own equity research desks, and is the subject of global investment conferences—where Cardinale is often up on stage. NFL Commissioner Roger Goodell told *Fortune* that Cardinale, who he has known for 15 years, is the rare private equity investor who sees the long-game. “He’s a builder,” Goodell said.

Cardinale chalks some of his success up to being in the right place at the right time. “Look, I’m not a genius,” Cardinale says. “I mean, I just got lucky in my career that Steinbrenner came calling in 2001. Sports wasn’t an asset class back then. Next thing you know the world caught up to me, and I just kept going with sports, not knowing that it was going to become what it became.”

An outsider with a simple mandate: Make great stuff

Despite having worked in sports, movies, and media for virtually his whole career in finance, Cardinale doesn’t see himself as entirely part of this world.

He still comes across as the finance wonk amid the athletes and celebrities. He rowed crew at Harvard and didn’t demur when the *New York Post* pointed out in 2009, while he was helping put together to deal to build Yankee Stadium, that he’s not a “baseball man.” And you’ll rarely catch him on the red carpet at glitzy Hollywood events. But that doesn’t bother Cardinale, he says, because he thinks it helps him see the opportunities others miss.

“I really think being from outside that ecosystem—or at least one foot in, one foot out—is a huge competitive advantage,” he says. “I don’t get caught up in the headlines. I don’t get caught up in the emotionalism. I’m not running to go to the Oscars.”

It all comes down, Iger says, to a fundamental thesis that he and Cardinale share: “Make great stuff,” he says. “People flock to it and they don’t complain. It’s all about quality.”

It may sound risky, but Iger points out that an IP-forward strategy has already paid off richly at Disney. “He was drawn to me, in part, because that was my thesis,” Iger said. “Which seems to have worked.”