The Business of Formula One

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Off-track distractions cast shadow over season

Political, regulatory and technical upheavals in a sport struggling to attract fans contribute to sense of farce, write Roger Blitz and James Allen

here is an odd-looking shape to Formula One cars this season. Safety concerns have brought a "nose job" at the front of the vehicle to prevent cars somersaulting on impact and to protect drivers in side-on colli-

Fans and experts have greeted the nose designs with disdain, which pretty much sums up the mood surrounding F1 as the 2014 season comes into view.

A new engine, a new points system, the return of Ron Dennis to the helm of McLaren, a new race at the Russian resort of Sochi, and those noses - there are plenty of talking points to keep F1's profile on the up

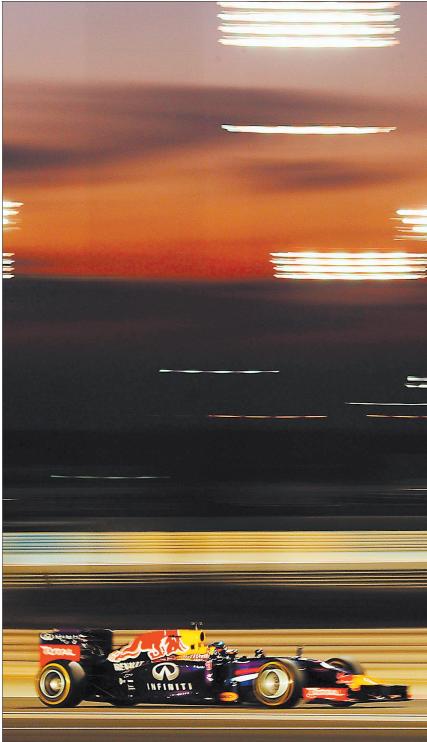
figures are down, not least because on-track problem.

Sebastian Vettel's fourth consecutive world championship last season was such a turn-off.

Not his fault. Halfway through a season that was turning farcical because of tyre degradations, he and Red Bull took control, dominated the podium and never looked back. To the discerning viewer, it was a deathly dull procession.

The sport treads a fine line between shiny new technology and Keystone Cops farce. There is the spectacle of Bernie Ecclestone, F1's chief executive, attempting to combine the business of running the show with his trial in a Munich court on bribery charges

He will fly to Munich for two days a week, giving him just enough time to Yet the sport is struggling. Viewing get to Grands Prix and fix the latest



Circuit driven: Sebastian Vettel, world champion, on the Bahrain track Getty Images

Then there is the introduction of the controversial rule, derided by fans as totally artificial: awarding double points for the final race of the season in Abu Dhabi.

Cynics argue it is a knee-jerk reaction from Mr Ecclestone to last season's yawn-fest. Vettel has called the idea "absurd".

It raises the question of how far F1 should go down the road of artificiality when prioritising entertainment over sport, as it agonises over diminishing TV audiences and an ageing

Around the corner is the inaugural season of Formula E, the electric car championship in city centres, starting in Beijing in September. Largely dismissed by F1 as a sideshow, it may offer an intriguing alternative to the sport of car racing.

Then there is the uncertainty over F1's own attempt to present its green credentials. The new 1.6 litre hybrid turbo engines and powerful energy recovery systems, repre-

'How far should F1 go down the road of artificiality when prioritising entertainment over sport'

sent the biggest change in F1's technical regulations for 30 years.

The idea of the Fédération Internationale de l'Automobile, the governing body, is to move away from gas-guzzling V8 engines, shed the image of conspicuous consumption and move in step with automotive trends.

After three years in the planning, the new cars hit the track for the first time in February for testing, with very mixed results.

Mercedes emerged as the clear favourite for the 2014 season. Its three customer teams managed to hit target testing mileage with reasonable relia-

bility and strong performance. Renault ran into problems and left its teams, including world champions Red Bull, underprepared. Christian

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Ecclestone and

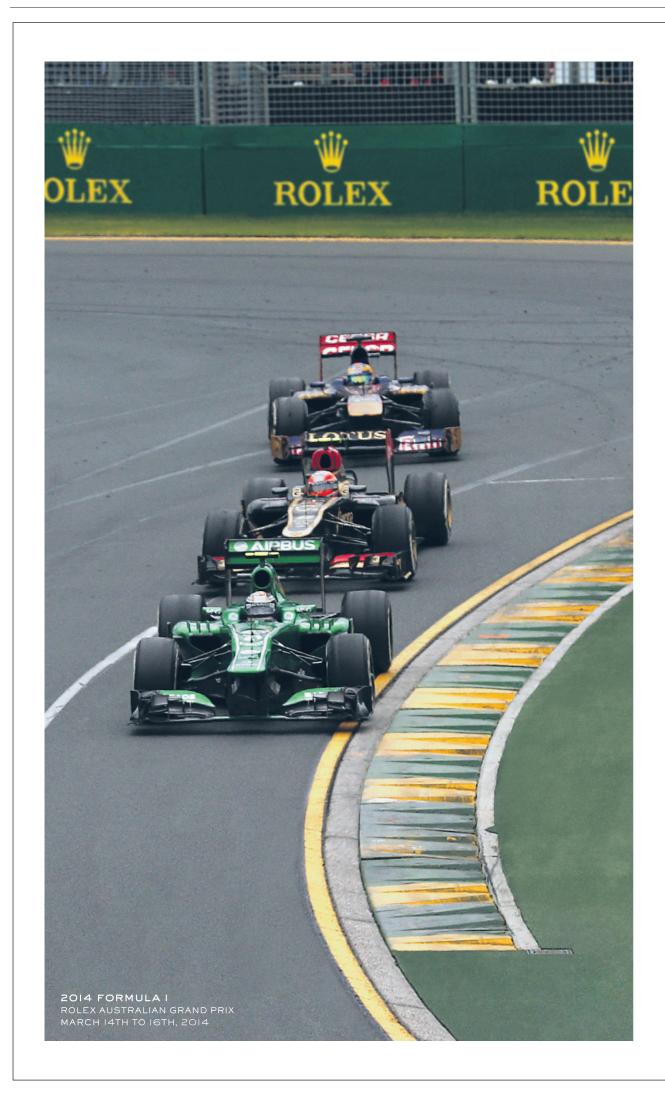
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Regulation updates may help season's newcomers show their best side

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THE WATCH THAT DEFIES THE ELEMENTS. THE WATCH DESIGNED TO DISMANTLE RECORDS. THE WATCH THAT WAS BORN TO RACE.



OYSTER PERPETUAL COSMOGRAPH DAYTONA



The Business of Formula One

Time is running out for agreement on cost controls | Engine change

Team budgets

The sport is divided over a proposed £155m spending cap, says Roger Baird

When F1 teams and the sport's most senior figures met in Geneva this year they pledged to introduce "healthy and affordable" cost control for teams.

Yet the sport is divided on the proposal, despite the fact that in the past two years HRT, the Spanish team, has gone bust, while Lotus, owned by Genii Capital, has worked wonders on the track but faces debts of more than £100m

The resolution passed by the World Motor relied on, leaving them to Sport Council, F1's legislative body, on 23 January.

The move charges the l'Automobile, the sport's governing body, with drawing up detailed be voted on in June in time of the sport.

for introduction in January. Cyril Abiteboul, principal of the Caterham Formula

holding position". He says sport has made to the restrict engines and aerodynamics of the car have contributed Bull has won four drivers' to the lack of "tangible progress" on cost control since the resolution passed.

Cost control has been on the F1 agenda since the financial crisis swept the globe in 2008. The years that followed saw leading carmakers pull out or scale back their involvement in the sport. Companies such as Honda, Renault, BMW and Toyota all reassessed their F1 commitments.

This slashed a big chunk of the finance that teams fund budgets from their sponsorship programmes and the payments they Fédération Internationale received from Bernie Ecclestone's Formula One Management, which controls the broadcasting, organisacost control proposals to tion and promotional rights

been talked about since 2008, but teams are split on One team, says the docu- the move. Big teams such ment is no more than "a as Ferrari, McLaren, Mercedes and Red Bull do not the wholesale changes the want a cap that would their inherent financial superiority. Red

> since 2010. Smaller teams such as Caterham, Lotus and Marussia say their survival, as well as the growth of the sport, depends on the introduction of controls.

In 2009, the bigger teams

and constructors' titles

were able to head off a budget cap by winning agreement to introduce a Resource Restriction Agreement. This watered-down cost-control measure limited physical assets that were supposedly easy to monitor. It restricted elements such as the number of people a team could take to a race and cut back on costly wind tunnel time as well as the type of computers a team could use.

But, as Abiteboul says, the code was policed largely

agreement", and was widely flouted.

The shallow economic recovery, particularly in Europe, has continued to hit the cash-intensive sport and has put a budget cap back on the agenda.

One of the smaller teams, Spanish HRT, folded at the end of the 2012 season and has not been replaced.

Smaller teams say their survival and the growth of the sport depends on the new controls

Lotus, another small team, has grabbed the headlines by finishing fourth in the constructor's title over the past two years. But despite this, it ended last season with a £114m black hole in its accounts. This prompted Kimi Räikkönen, its lead driver, to leave the

team two races before the

Cost control may have through "a gentleman's end of the 2013 season to rejoin Ferrari.

> The sport is arguing over a proposed £155m budget cap per team for the 2015 season. However, this figure has a number of opt-outs. Drivers' salaries would

not be included to allow teams to compete for the best talent. Marketing and hospitality would be excluded, because caps there would hinder a team's ability to attract crucial sponsorship cash.

All outfits say publicly that they support cost control, but the larger teams are accused of blocking specific proposals in detailed

And the timing is important. While cost control can be brought in on a majority team vote by the end of June, any later than this, because of the closeness to the start of a new season, and significant changes will have to be unanimous.

Critics fear bigger teams will block budget caps by delaying the proposal into the second half of the year.

Christian Horner, Red Bull team principal, says: "The timetable to reach an agreement is tight We think a budget cap would be arbitrary. We think a better way to cut costs would be to limit the

allowed each season.

number

However, Graeme Lowdon, Marussia president and shareholder, is a big supporter of a budget cap because he says the sport needs it. He points to F1's 2013 global TV viewing figures, which fell 10 per cent, or 50m, to 450m over the course of another pre-

dictable championship. He says: "Teams are dropping out of F1, and that is not a sign of an industry that is growing. The decline in the media figures last year should ring alarm bells. All teams should welcome this proposal for the good of the sport."

If Lowdon is right, this leaves the industry effectively less than four months to pull off a rule change it has not managed in the

challenges Red Bull dominance

The contenders

James Allen looks at how rule changes will bring back element of surprise to results

"It's very difficult, but I'm not calling us favourites for the Australian Grand Prix,' said Sebastian Vettel, reigning world champion, at the recent conclusion of the pre-season test sessions in Bahrain.

"We haven't done enough laps and the speed is not there compared with some other teams.'

Vettel has been having a torrid time with his new Red Bull Racing Renault, which has suffered consistent technical problems during testing, with the result that it has done only about a third of the mileage of the pacesetting Mercedes of Lewis Hamilton and Nico Rosberg (see table).

It would be fair to say, however, after four seasons dominated by the German and his Red Bull Racing team, that F1 would be rea- any cars powered by his sonably relaxed if he engine make it to the started this year not as favourite.

The sport is in desperate need of a new storyline; declining numbers of TV viewers in the closing stages of last season, as Vettel romped to a ninerace winning streak, hinted at a growing disaffection with the sport among its fan base.

This year promises a revolution in more ways than one, with a new set of regulations based around a small capacity hybrid turbo engine with a very powerful energy recovery system at major performance its heart, changing the dynamic among teams.

For the past eight seasons, F1 has been using V8 engines which had not only become ultra reliable, but there was little to choose between the manufacturers

This year, it looks as though engines will be a significant performance differentiator and reliability is a big question mark for most of the teams heading into the first race in Melbourne.

The testing has clearly shown that Mercedes is the best prepared for this new era of F1 technology.

The engine has been reliable, not only in its own chassis but also in the Williams, McLaren and Force India cars too.

All of these teams have, at some point in the test sessions, set the fastest time of the day.

The Mercedes team has its nose in front on pure pace, however, and that makes Hamilton and Rosberg the favourites for victory in Melbourne, with Williams looking pacy enough to challenge for a podium.

This would be quite a change for the once-mighty Williams team, which finished a dismal ninth last season with just 5 points, compared with the 596 notched up by Red Bull.

Now it has all turned around. As well as having a tricky car that is not sorted out yet, Red Bull's hybrid engine from Renault is proving very unreliable.

On more than one occasion in testing, Vettel, Daniel Ricciardo, his team mate, and Romain Grosjean and Pastor Maldonado, the Bull might catch up after Lotus drivers who also use all.

Pre-season testing

Team **Kilometres**

Mercedes 4,973 4,893 Williams 4,489 Ferrari McLaren 4,153 Sauber 4,039 Force India 3,975 Caterham 3,313 Toro Rosso 2,458 Red Bull 1,711 Marussia 1,686 Lotus 1,288

the Renault, ended up doing barely a handful of laps in a

The longest run Vettel has managed so far is 17 laps. The race distance in Melbourne is 58 laps.

Ron White, Renault's engineering boss, has admitted that "Melbourne will be an anxious weekend", as he waits to see if chequered flag. Spare a thought for Pas-

tor Maldonado. After a dismal year with Williams, he took the opportunity this year to move to Lotus, which had been winning races and scoring regular podiums.

Such are the vicissitudes of sport.

The other contender is Ferrari. The team has taken the bold step of pairing

Technology will be a differentiator and reliability is a big question mark

Fernando Alonso with Kimi Räikkönen. The Finnish driver won the 2007 world championship for the team but fell out with them in 2009 and spent a few years out of the sport.

After two stunning comeback seasons, with two great victories, he is back at Ferrari as partner to the strong-minded Alonso.

Ferrari is changing strategy here, fielding two world champions instead of keeping to its policy of having a number-one driver.

Luca di Montezemolo. company president, once said that he would never "put two roosters in the henhouse" but changed his mind after a rough time with Alonso last year, when the Spaniard criticised his car and made overtures to Red Bull.

It is a long season and as usual it will come down to the hard slog of developing the cars through the races to keep pace with the oth-

This work is done out of view, in the wind tunnels and the workshops of the team's headquarters.

The rough calculation is that if you don't make the car go about 1/10th of a second per lap faster at every race - equating to a gain of 1.9 seconds over a season – you will lose competitive-

immaturity of the technology mean the gains are potentially larger. So Red

The new regulations and

Sponsors and supporters drive the shift to sustainability

Technology Green innovations are helping to change the sport's image, writes James Allen

of global sports that icy to apply to the sport. damage the environment, you would imagine that Formula 1 would come close to the top.

Not only does it move large numbers of people and equipment around the world to its 19 race venues, encouraging audiences to drive to those venues in their cars, but it also creates carbon dioxide emissions in the very act of the sport itself.

At its heart is one of the most damaging inventions on the planet - the internal combustion engine. Yet there is a revolution going on in

the sport this year: the first time that F1 has banged the drum for sustainability. A new set of regulations is about to take the emphasis away from rewarding brute power and instead put a premium on resource efficiency. And there are some within the sport

who point to F1's relentless pursuit of technological innovation, which then filters down to automotive and transport improvements for all. With this change of regulations, they say, the sport is set to become net-positive when it comes to sustainability. At the 2013 Sport Conference of the

Federation International de L'Automobile, motorsport's governing body, guest speaker Nick Nuttall of the UN Environment Programme had a warning for delegates: "Motor sports will not be immune to some of the profound sea changes at work around the globe, from environmental and reputational risk.

The FIA recognised some time ago that if it did not address sustainability and regulate to improve its own profile, then outside forces might come in change and force regulation on it.

At the same time, the F1 organisers and participating teams were coming under intense pressure from large corporate sponsors. They wanted the same standards that applied to them

ere you to draw up a list regarding corporate sustainability pol-

One can sense some thought leadership from companies such as Unilever a big sponsor of the Lotus F1 team – whose chief executive, Paul Polman, has set a target to double the size of the consumer goods group while reducing its environmental impact.

This weekend Formula 1 takes a big step on that journey when the new cars, powered by 1.6 litre hybrid turbo engines, line up on the grid in Melbourne. The old 2.4 litre V8 gas guzzlers used over the past eight years have been replaced. The new power units comprise an electrical energy storage system capable of injecting 160hp for 33 seconds each lap, from energy harvested from braking and from heat from the turbo. The cars will use about a third less fuel to cover the same distance at the same speed; instead of 150kg, the limit will be 100kg. It is the biggest shake up of F1 technology for 30 years.

"In terms of CO₂ per kilometre, that means a 35 per cent reduction from last year to this," says Andy Cowell, head of Mercedes' F1 engine programme, which supplies four teams on the grid. "If you compare that to the improvement in the automobile

industry as a whole, that is huge "The FIA has encouraged regulations where performance is linked to thermal efficiency. This marries with the interests of the transport world."





investing in innovative technology

ments as so much "greenwash". They cant CO2 reductions," says Cowell. and Ecclestone have been overruled.

The greening of F1 has not come a moment too soon, says Jonathan Neale, acting chief executive of McLaren, whose team is backed by companies such as ExxonMobil, the oil major, SAP, the German business software group, and GSK, the UK pharmaceuticals company.

"Our investors, shareholders and sponsors, the people who want to use this sport as a marketing platform, wanted to see from us that we were being proactive and that this was externally accredited," he says. "They have a requirement to have a corporate sustainability policy and if we're going to charm them into the sport and maintain the longevity, we have to respond to that.'

The motor manufacturers were also proactive in bringing about the change in regulations. For Renault and Mercedes to stay in the sport and continue to invest hundreds of millions, they needed technology more aligned to future vehicles.

'We are in F1 because we believe it's not only a competition among the best drivers in the world, it's also a competition among the best engineers in the world," says Toto Wolff, Mercedes head of motorsport.

F1's message to the wider world appears clear: it is becoming more sustainable and, by exploiting the platform it has as the world's most popular annual sporting competition, it aims to drive sustainability across the automotive sector. "I think we will see some impressive spin-off technology filtering down to

Off-track distractions cast shadow over critically important season

transport solutions,

"Racing helps to take inertia out of the R&D system; if you can show something is possible in racing and create a desire, you can pull the cost out and do it mass market.'

The Williams F1 team developed a flywheel technology for energy storage that did not work for F1, but they have spun it off for use in road cars, buses and trains. It is not just the transport sector

that F1 technology transfers into. McLaren has evolved its simulation software to allow better planning of electricity demand for large data centres. Significant savings could be made by using computer modelling to predict peaks in demand, allowing some of the data centres to be switched off at quiet times.

But the most visible gains will surely be on the F1 track itself. Although the 22 cars lapping the Grand Prix circuits account for roughly the same amount of emissions per race as a return flight from London to New York, it is the image of conspicuous consumption which is out of step with modern sensibilities.

The switch from that to one of resource efficiency and reduced emissions, without any decline in speed or excitement, is intriguing.

And, because a significant percentage of F1's huge, but ageing global TV audience is sceptical of "greenwashing" and environmental jargon, the sport has the chance to educate a particularly hard-to-reach demographic.

It is a tough sell for F1 apologists to claim the sport could ever be environmentally friendly simply by virtue of what it contributes to society via technology transfer and education. Can that ever offset the damage caused by shipping cars and people around the world? At least in toning down its image of conspicuous consumption on track, it does seem to be taking the

ing the postponed flotation

Age of Bernie Ecclestone,

So much hangs on this

trial: the immediate future

of Mr Ecclestone; the lead-

ership of F1 if he is con-

victed; the chances of reviv-

pects of CVC selling up; the possible Malone investment; the balance of power between the ever-warring interested parties.

Choosing his words care-

been a somewhat interesting experience working with Bernie over the past few years.

mature than I [Mr Dennis is 66], and one way or another there will come a time when Bernie won't be running F1 for whatever rea-

overstating it to say this could be a seminal, makeor-break moment in the history of F1. Mr Dennis says a flotation may be a long way off, but if or when it happens, it would give F1 a val-

"F1 has a size

momentum that will carry it through any change,3

tend to invest too much in largerthan-life leaders such as Bernie Ecclestone.

find a modus operandi as and when the Ecclestone era comes to an end.

After many false dawns, F1 and Bernie Ecclestone really do look like they will be parting company. It may be a fraught, painful and seismic divorce, but it looks inevitable. Even Mr Ecclestone recognises that.

Continued from Page 1

Horner, team principal, said he would be delighted just to finish the first race in Melbourne.

Ferrari's experience was somewhere in the middle. Williams scored only five points last season, less than 1 per cent of Red Bull's total, but enters the season on a wave of confidence.

It had the second fastest car in testing, behind Mercedes, and landed significant sponsorship deals over the winter from Martini, Banco do Brasil and Brazilian oil company Petrobras. As for McLaren, any half-

be a step up from last season's dismal showing. After ousting Martin Whitmarsh, group chief executive, with shareholder support in January, Mr Dennis has set ambitious targets for the season, promising to win races and reinvigorate the

team. Rather like Steve Jobs returning to save the company he made great from mediocrity, Mr Dennis aims to guide McLaren back to the top of F1.

It will be hard to achieve quick success when much

whom they dominated the sport in the Senna-Prost era of the late-1980s.

This will be a season when it will be hard for anyone to keep one's focus when there are so many distractions on the sidelines. The increasingly grim silence from the bedside of Michael Schumacher, for example, continues to cast a pall over the day-to-day proceedings of F1.

CVC Capital Partners, leading shareholder of F1, is distracted not just by "the Ecclestone issue", which on of McLaren's focus is on its own raises questions 2015, when the team reu- about a possible successor,

decent performance would nites with Honda, with but by investor interest from elsewhere. Cable billionaire John Malone has held talks about taking a stake in the business.

The teams have also lost their focus as a collective unit. They are now are on their own when it comes to bargaining with Mr Ecclestone and the FIA.

The season will begin without the Formula One Teams Association, their representative body, which was disbanded last month. Fota had been in decline

since December 2012, when Ferrari and Red Bull withdrew, as a prelude to both signing lucrative unilateral

deals with Mr Ecclestone. Their respective satellite teams, Sauber and Toro Rosso, also withdrew, leav-

ing Fota to limp on with just seven members from 11 active teams. With the teams once again divided, they can more easily be ruled by Mr Ecclestone. But what of the 83-year-

old ringmaster himself? Can he survive yet another threat to his domination of F1, perhaps the biggest in long and colourful career? Or will this season be remembered above all for the drama taking place offstage in a Munich court-

of the business; the pros-

F1's chief executive

fully, Mr Dennis says: "It's

"He is a little more

And then what? It may be

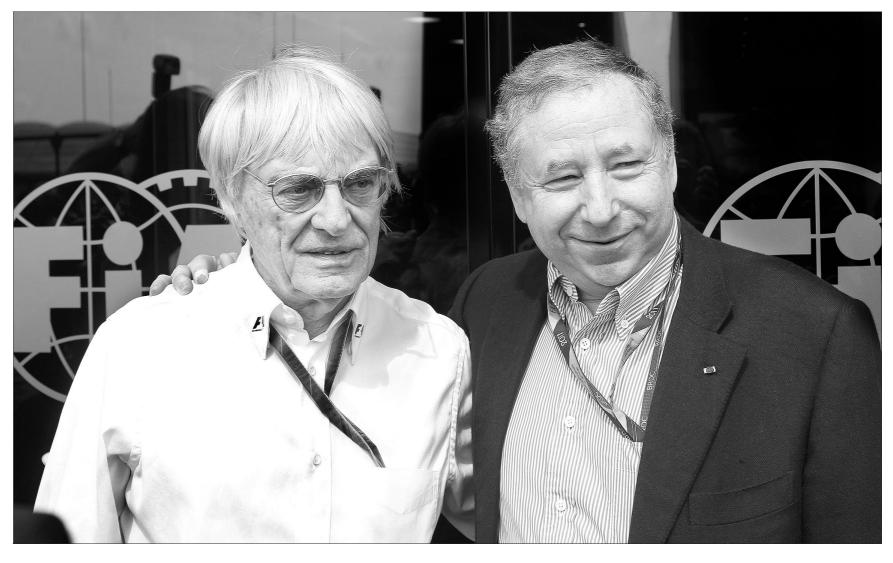
uation of \$8bn-\$10bn.

says Mr Dennis. He is probably right. Organisations

The sport can and will But one thing is clear.

The Business of Formula One

Powerful pair plot course through trials and trying times



Politics Beleaguered boss Ecclestone has full backing of FIA's Todt as he faces bribery charges in Germany, write James Allen and Roger Blitz

erning body the Fédération and Bernie Ecclestone, F1 commercial boss, go back a long way. In 1992, it was Ecclestone who proposed to Luca di Montezemolo, Ferrari president, that Todt would be the ideal man to take over the underperforming Ferrari F1 team. Montezemolo heeded the advice and Todt went on to make Ferrari unbeatable, winning five drivers' and six constructors' world championships between

Next Ecclestone was eager for Todt to replace his closest ally, Max Mosley, when he stood down as president of the FIA in 2009. Despite making the occasional scathing comment in the media about the Frenchman and despite some tough negotiations last year, when Todt managed to increase the amount of money the FIA takes annually from F1 coffers to about €40m, the pair give the impression of being joined at the hip.

After more than 50 years in motorsport, Ecclestone's demise has been has always found a way to outfox

ean Todt, president of F1's gov- usually with his position enhanced. However, given developments in the Internationale de l'Automobile, courts there could soon be a power vacuum in F1. If this is to be the case, Todt would figure strongly in what

> comes next. Judges are not the usual adversaries Ecclestone encounters but they now pose perhaps the greatest threat he has faced in his career.

> In London's High Court, Ecclestone has recently come up against Mr Justice Newey who presided over German media company Constantin Medien's ultimately failed \$140m lawsuit against the F1 chief executive.

> At the conclusion of the civil damages case over the 2006 sale of F1 to CVC Capital Partners, the judge may have ruled in Ecclestone's favour, but he said it was "impossible to regard him as a reliable or truthful witness". And he concluded that payments made by Ecclestone to Gerhard Gribkowsky, a former German banker working on the sale of F1 in 2005-06, amounted to a bribe to secure the sale to his favoured bidder.

Those conclusions may have a bearpredicted many times. Somehow he ing on the criminal case in Munich in April, when Ecclestone stands trial on his opponents and remain in charge, bribery charges relating to those

payments. Heading the panel of Joined at the hip: Bernie Ecclestone judges is Peter Noll, who two years ago presided over the trial and conviction of Gribkowsky.

At the conclusion of that trial, Noll said it was Ecclestone who had "brought the accused into breaking the law and not the other way around". As the legal challenges mount for

Ecclestone, Todt is fully supportive of his beleaguered colleague, "I feel Bernie has done an outstand-

ing job in F1," says Todt, sitting in the FIA offices, a stone's throw from Geneva airport. "And I respect a lot what he has been doing. There was a case in England where the conclusion was that he was declared not guilty...The next step is in Germany and at the moment we aren't in a position to comment until the verdict there is given So at the moment Bernie is not guilty.

"Does he have my support? Sure." It is a testament to Ecclestone's importance to F1 that even with these charges against him, even at the age of 83, even though a succession plan is long overdue, the sport's owners cannot bring themselves to part company with the motorsport billionaire or start to ease him out of the hot seat.

and Jean Todt have a combative but loyal relationship that goes back decades

If there is to be a power

what comes next

vacuum left by Ecclestone,

Todt will be a key figure in

Ecclestone still running F1. He will fly to Munich to attend sessions, which have been arranged on Tuesdays and Wednesdays, and carry on with the business of attending Grands Prix, and managing what promises to be a fraught and difficult season.

If he ends up being acquitted, with his freedom secured and his reputation safe, there may be no clear-cut reason for CVC Capital Partners, the biggest shareholder in F1, or any other stakeholders, to get rid of him.

So the trial is to begin with Bernie

But the likelihood is that he has concluded that whatever the outcome in Munich it is time to go. Fifteen years ago, he had heart surgery - he has done remarkably well to hold the reins for that time.

In December, Todt was re-elected for a second four-year term and he has a complex agenda. Plans include using some of the FIA's new revenue stream to grow grassroots motorsport in developing countries, and pushing technologies and innovations from motorsport and F1 in particular, into the wider automotive world, with the accent on sustainability and safety.

Whether or not Ecclestone is removed from office, the sport can again, maybe don't bet on it.

now be governed the way Todt wants it to be; part of the deal he struck with Ecclestone last summer revolved around governance of the sport, notably the introduction of the controversial F1 Strategy Group, which sees the FIA, the commercial rights holder and the six leading teams deciding on the direction and rules for the sport.

High on Todt's agenda for this year is the long overdue implementation of proper cost control, which needs to be agreed by the end of June to be implemented in 2015

"I feel that [the FIA] has a responsibility to the sport to make sure that F1 is less expensive. It has to happen this time," says Todt, pointing to the fact that with the F1 Strategy Group in place, the FIA and the commercial rights holder together have enough votes to force through change.

Running F1 is not as straightforward as it used to be. CVC has imposed checks on Ecclestone's commercial dealing in light of the Munich case, and there are any number of besuited executives among the teams getting in the way of dealmaking.

All signs point to this being Ecclestone's last season running F1. Then

Race hosts need deep pockets and patience

Circuits

Getting it wrong can be a costly business, writes Roger Baird

Despite the fragile global economy, there is no shortage of hosts willing to stump up hundreds of millions to persuade the F1 caravan to bring a race weekend to their city.

The sport may have given up staging Grands Prix in India and South Korea, but they have been seamlessly replaced this year by tracks in Russia and Austria.

The reason is clear. If you get it right, the way newer circuits such as Singapore and Austin, Texas, have done, the event nets tens of millions in local spending.

As Bob Fernley, Force India deputy team principal, says: "Singapore and Austin are shining examples of how a Grand Prix can help showcase a region. In Singapore, people now come into the country days before the race, or stay on

and spend money." The Singapore Tourist Office said last year there was a 12 per cent surge in flights into the country over its September race weekend, which brought in an extra £71m to the island state over the period.

But if you get it wrong, you can spend huge sums to build and promote a couple of races only to see the sport move on to potentially

better cities before you have recovered your investment. To get it right, F1 race

weekend organisers need to get the national, or at the very least, regional government to back the project. As Zak Brown, chief executive of Just Marketing

International, a motorsports marketing agency, said: 'This is not just so it can help with funding. The state of Texas provided around £18m of funding for only make money from the Austin track. But importantly, the state will help pass bills to greenlight planning, redirect traffic and close down parts of the city to host street parties."

The race should be close to a big city so as to provide entertainment for the hundreds of sponsors and guests each team flies in.

Tom Webb, head of communications for the Caterham team, says: "Montreal, Austin and Melbourne are good at this. There is a buzz for days before the race. Bars, restaurants and hotels are all happy to see you. This makes sponsors, who have high disposable incomes, want to come back."

But perhaps, most importantly, an organiser needs deep pockets and patience. Bringing an F1 race to a city is not cheap. Jaypee Group, organisers of the Indian Grand Prix, spent about £250m to build the

in Uttar Pradesh and host three races there from 2011. This includes paying F1's commercial rights holder, the teams were used to. led by Bernie Ecclestone, a



year to put on the race. The commercial rights holder keeps sales from TV rights and track sponsorships.

Because the organiser can ticket sales, it takes several years for a circuit to recoup its outlay, while it takes a large marketing budget to promote a Grand Prix throughout the year.
The Indian Grand Prix

drew 95,000 fans to its first race, but the next year, because of poor promotion, this had dropped to 65,000.

The Indian race suffered because it was not fully backed by the Uttar Pradesh regional government, which decided that F1 was an entertainment not a sport and so was subject to tax on all from fans' tickets to drivers' salaries. The matter ended up in

India's Supreme Court. The Korean Grand Prix, launched in 2010, suffered a bumpy four years until it was dropped from the calendar. As far as the teams were concerned its main problem was location. The race was situated close to Buddh International Circuit the port city of Mokpo, 250 miles from the capital Seoul, and had none of the restaurants, bars and hotels

Over the four years, the

licence fee of about £24m a race was dogged by falling crowds and financial losses. Even though facilities improved in Mokpo, the loss of the race was not greatly mourned by the teams.

But they expect big things from Russia's Sochi, which hosted the Winter Olympics last month, and from Austria's Spielberg circuit, which returns to F1 competition after 11 years during which time it was rebuilt by Dietrich Mateschitz, Red Bull owner.

Observers expect Sochi to have smoothed out infrastructure teething problems after the Olympics, but Russia's opposition to gay rights and Ukrainian sovereignty issues could dog the Sochi race in October, in a way similar to when human rights protests beset the Bahrain Grand Prix.

Red Bull's deep pockets and experience in F1 lead teams to expect the revival of a classic European race. Geoff Simmonds, Lotus race team co-ordinator, says: "Apart from a great track, we expect a return to the old days - parties around

the campsites at night." Organisers at Sochi and Spielberg will be hoping they get things right. If they do not, there is no doubt a queue of rivals who reckon they could do a better job.

State of flux could help the new kids stay on track a dominant championship

The rookies

Young drivers may enjoy boost from regulation updates, writes Simon Gray

The three drivers who will start a Grand Prix for the first time in Melbourne this weekend will be acutely aware that Formula One is an environment with little mercy for rookies who fail to prove their worth rapidly.

McLaren's Kevin Magnus-

sen, Toro Rosso's Daniil

Kvyat and Caterham's Marcus Ericsson will be under pressure to deliver results. Magnussen has been chosen by McLaren, despite the Dane's relative inexperience, to help the Wokingbased team return to the front of the grid after its first season without a

podium in three decades. Kvyat, Russia's secondever Formula 1 driver, after Renault's Vitaly Petrov, leapfrogged the highly rated António Félix da Costa, who has had to make do with a test and reserve

driver role with Red Bull.

Ericsson knows that Caterham dropped Giedo van der Garde last month after just one season. Like Magnussen, paired with 2009 world champion Jensen Button at McLaren, the Swede has to prove himself against an experienced teammate, the sometimes erratic but fast and combative Kamui Kobayashi.

The shortlived Formula 1 experience of Van der Garde and another 2013 rookie, Marussia's Max Chilton, is a cautionary tale for the three newcomers.

They can take heart from Esteban Gutierrez, who after an unpromising start at Sauber kept his seat with a series of excellent lateseason performances, and Valtteri Bottas, who has shown his ability in preseason testing of the much

improved 2014 Williams. Magnussen, who won over McLaren's bosses with

win in the Formula Renault 3.5 feeder series last year, believes that the sheer scale of the changes to Formula One's technical regulations this year could prove a boon for the newcomers.

"For a rookie like me, it's helpful that things are changing so much, because it means that everyone in Formula One will have to learn a lot," he says. "It may not be an advantage to be a rookie, but this year it's less of a disadvantage."

Other F1 insiders agree, noting that experienced drivers must unlearn the reflexes built up driving with normally aspirated engines, which produce power at the top of the rev range, in order to get the most out of turbo-powered power plants that sometimes require a more delicate foot on the throttle.

Says Magnussen: "The new power unit is much more complex in terms of systems. You also have to manage the fuel in a very different way, and it will change from race to race. You have to work really well with the team to make the car work for you."

That is something McLaren are confident that Magnussen, whose father Jan drove for McLaren as a stand-in, can deliver, pointing to his impressive performance in preseason testing and high-quality technical feedback to the team's engineers

He believes he benefited from racing in the Formula Renault Series, rather than the GP2 feeder series that races on Grand Prix weekends. "In GP2, your track time is limited because of the need to fit in around Formula One practice sessions," Magnussen says. "We chose a series that

in the car." Competing in front of Formula One bosses watching from the pit wall eventually paid off for Ericsson, who spent four years in GP2 and first tested a Formula One car at

gives you a lot of time

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You can't keep a

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the end of 2009. But it was a close-run thing.

'The first half of last season was a disaster," he says, "because I had the speed to be fighting for wins every weekend, but things kept going wrong for me and the team.

"We didn't score any points over the first half of the season, and I knew if that continued, it would be game over for my Formula One dreams. But I managed to turn it round and show in the second half of the season that I had the abil-

Ericsson believes that having won three races with different teams in GP2, he has demonstrated good one-lap pace and strong racecraft. "The challenge for me is to be more consistent over the whole season, to deliver my best every weekend," he says.

Kvyat endured a difficult start to preseason testing, principally because of the unreliability of Toro Rosso's Renault engines, although he eventually managed 81 laps on the final day in Bahrain - more than during the whole of the first two tests in Jerez and Bahrain combined.

The 19-year-old Russian, who had a storming run to last season's GP3 title that catapulted him straight into a Formula One seat, says: "Having carried out many important tests and done some longer runs, I am much more confident with the car. We are still trying to catch up, but we are making good progress.'

Kvyat is looking forward to his country's inaugural round of the championship, scheduled for October at a circuit on the Winter

Olympics site in Sochi. He says: "Having a Grand Prix is very good for the fans, and motorsport is definitely getting more popular in

Russia.

Daniil Kvyat is Russia's second-ever

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