eSport Activation & Professional Sports Leagues

Ambi Burgos, Sylvia Bernacka, Christopher Miller & Jiaming Zhang
Applied Research Seminar
December 12, 2018
Agenda

• eSports Defined
• Intro & General Background
• Primary league Activation & Engagement
  1. NBA
  2. MLS/FIFA
  3. NFL/MLB/NHL
• Atypical/Other involvement
• Q&A
eSports Defined & General Background
eSports Defined

• Seth Jenny, lead author of “Virtual(ly) Athletes: Where eSports Fit Within the Definition of “Sport”

• “The convergence of culture, technology, sport, and business Unlike traditional sports such as ..., eSports is an interconnection of multiple platforms. eSports, which is also synonymous with gaming, is computing, gaming, media, and a sports event all wrapped up into one”

• **Industry Uniqueness**: Appeals to such a diverse demographic. eSports transcends barriers (age, gender, race, ethnicity, geography, socioeconomic status and more).
eSports’ Competitive Advantage

• In terms of “going digital” the eSports industry has had a far easier transition into the digital era then any of the aforementioned “Big Four” leagues

• eSports is already heavily digital by nature, but also eSports is a young industry. eSports was born into the digital age as opposed to the other four which were born far before the digital craze and therefore had to essentially reinvent themselves.
Revenue & Viewership Benefits

Christopher Miller
Revenue

- Arguably the most important metric in the sports sector.
- Tremendous Growth

eSports market revenue worldwide from 2012 to 2021 (in million U.S. dollars)

(Statistica.com, 2018)  (PWC Report, 2016)
eSports’ Growing Global Awareness & Viewership

Number of people aware of eSports worldwide from 2015 to 2019 (in millions)

- eSports viewership outperforms the four North American leagues.

According to Newzoo, a market tracking company, estimated that eSports will reach a global audience of 1.1 billion people in 2016.

By The Numbers

27M watched the 2014 LoL World Championship finals
23.5M that tuned in to catch Game 7 of the 2015 World Series the San Francisco Giants vs the Kansas City Royals
2017 NBA Championship averaged 20.4 M (the most-watched NBA Finals since 1998)
2018 Super Bowl (Patriots vs. Eagles) 111.3M
More than 360M unique viewers watched this year’s League of Legends Mid-Season Invitational
eSports Media Rights & Sponsorship

• **TV**
  - Strong viewership number draw interest from broadcast outlets.
  - BBC, ESPN, SkySports and Yahoo are among the companies that have started broadcasting the sport and its tournaments.

• **Streaming**
  - Newly acquired Amazon property, Twitch, an online streaming service, paid Overwatch League least $90M over two years from Twitch in exchange for streaming rights.

• **Sponsorship**
  - over 600 eSports sponsorship agreements signed since the start of 2016.

IT/computer (360+) retail (100+), online services deals (60+), non-alcoholic drinks (50+), online media (40+)
eSports Athletes Earn Their Respect

• In 2014, U.S government began recognizing eSports gamers as professional athletes and will grant them visas under that identifier.

• eSports has been recognized at both the Rio 2016 and PyeongChang 2018 Olympic Games and in the Opening Ceremonies and additional ancillary events around the Olympic Games. While eSports is not yet an Olympic sport, the IOC has not ruled it eSports for Tokyo2020.

• eSports is a varsity sport at the collegiate level (D I, II, III). Scholarships are offered. - Facilities already in existence and being built for eSport participation and events (Korea) (UC-Irvine).

• eSports 2k league in 2018. &eMLS for the FIFA 18 World Cup.

• Athlete Compensation & Ammentities.
Primary league Activation & Engagement

- NBA (Jiaming Zhang)
- MLS/FIFA (Sylvia Bernack)
- MADDEN (Christopher Miller)
- NHL (Ambi Burgos)
NBA 2K LEAGUE

Jiaming Zhang
About 2K LEAGUE

• A joint venture between the NBA and Take Two Interactive;
• The league was announced on Feb. 9, 2017;
• 17 of the 30 NBA teams had their own NBA 2K League team during the inaugural season in 2018, 4 more in season 2019;
• This is the first official esports league operated by a U.S. professional sports league;
• 6 players in each team for the inaugural season
Interact with NBA

- 2k league is helping NBA to expand its fan base and international exposure;
- The salaries for a pro player from $32,000 to $35,000 (per year) with full health benefits, retirement plan and relocation expenses;
- The global audience for esports is expected to reach 557 million by 2021, including 250 million esports enthusiasts and 307 million occasional viewers;
Interact with NBA

• The League has more than 1.8 million followers (Facebook, Twitter, Instagram), also generated more than 152 million video views across all social media platforms;
• After the first season, the 17 NBA 2K League teams formed more than 90 corporate and marketing partnerships;
• Teams' name and logo took example from current NBA teams, and the official logo of the 2K league featured colors and shapes of the NBA logo
The Future

- More sponsorships across diverse industries;
- Engage more NBA teams into the 2K league;
- Extend season long & the amount of games;
- Broadcast more games on live & streaming;
- Increase the pro players & offer better contracts;
- Hiring & training coaches for teams;
MLS/FIFA

Sylvia Bernacka
eSports in Soccer: It all started with FIFA

- 2014 – FIFA Interactive World Cup
  - Broadcasted on Twitch and Social Media
- 2016 – Broadcasted on TV: FOX Sports and Sky Sports
- 2018 – Renamed to FIFA eWorld Cup
- 2018 – Guinness World Record: World’s Largest eSports Tournament
  - 20 Million Players
  - 29 million viewers online
- 2019 – UEFA eChampions League Launch
FIFA eWorld Cup Model

- Soccer Leagues (eg. MLS)
- Global Series
- Global Series Playoffs
- eWorld Cup Grand Final
# Soccer Leagues and eSports

<table>
<thead>
<tr>
<th>Country</th>
<th>Traditional Soccer League</th>
<th>eSports Subsidery</th>
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<tbody>
<tr>
<td>United Kingdom</td>
<td>EPL</td>
<td>ePL</td>
</tr>
<tr>
<td>United States</td>
<td>MLS</td>
<td>eMLS</td>
</tr>
<tr>
<td>Australia</td>
<td>A-League</td>
<td>e-League</td>
</tr>
<tr>
<td>Germany</td>
<td>Bundesliga</td>
<td>eBundesliga</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Eredivisie</td>
<td>eDivisie</td>
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<tr>
<td>Spain</td>
<td>La Liga</td>
<td>La Liga eSports</td>
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<tr>
<td>France</td>
<td>Ligue 1</td>
<td>eLigue 1</td>
</tr>
<tr>
<td>Switzerland</td>
<td>Swiss Super League Soccer</td>
<td>Swiss eSports League</td>
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</tbody>
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MLS and eSports

• Partnership with EA Sports and FIFA
• World’s first traditional soccer league to create an e-league
• Inspired by NBA’s 2k league
• Inspiration for other soccer leagues that followed
• eMLS: MLS’ own eSports department
• Creation of eMLS Cup 2018
eMLS Cup 2018

• Based on NBA 2K League
• 19 out of 23 MLS clubs participated
• 2 Conferences, Easter and Western
• Top 8 players advance to Conference Playoffs
• Conference Finals -> eMLS CUP Final, Third-place Game
• $10,000 Prize + eMLS Cup trophy + Spot in FIFA Global Series Playoffs
eMLS Cup 2019

• 22 out of 23 MLS Clubs
• Same format with eMLS Cup but with two pre-events
• eMLS League Series
  • One
  • Two
# eMLS Success

<table>
<thead>
<tr>
<th></th>
<th>FIFA 19</th>
<th>NBA 2K 18</th>
<th>NFL Madden 19</th>
<th>League of Legends</th>
<th>Overwatch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Twitch Ranking</td>
<td>4</td>
<td>12</td>
<td>13</td>
<td>2</td>
<td>11</td>
</tr>
<tr>
<td>Avg. Viewership</td>
<td>32,399</td>
<td>4,343</td>
<td>1,433</td>
<td>104,311</td>
<td>26,306</td>
</tr>
<tr>
<td>Hours Watched</td>
<td>20.4 K</td>
<td>8.8 K</td>
<td>2.7 K</td>
<td>72.1 M</td>
<td>20.4 M</td>
</tr>
<tr>
<td>Total Prize ($)</td>
<td>2,224,265</td>
<td>400,000</td>
<td>279,677</td>
<td>59,303,039</td>
<td>120,006,183</td>
</tr>
<tr>
<td>No. of Tournaments</td>
<td>41</td>
<td>3</td>
<td>3</td>
<td>2,178</td>
<td>625</td>
</tr>
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Why MLS Pursued eSports?

1. National Growth
   • Blur the lines between traditional Soccer and eSoccer

2. Expand Fanbase
   • Opens door to new fans otherwise inaccessible

3. eSports as A Marketing Tool
   • Content Creation
   • Events
     • Case Study: Celebrity Event had 75% higher viewership then eMLS Cup Final
Why Other Soccer Leagues Pursued eSports?

• Accelerated growth of eSports nationally and globally
• New way to support soccer clubs and players: virtually and in reality
• Gateway to a new fan base
  • 15% More viewership then traditional soccer league
• Global brand recognition and exposure
  • Higher social media engagement than traditional soccer league
• Revenue Potential (No Evidence yet)
• Predicted:
  • $1 Billion in revenue by 2020
  • 600 million people will be eSports fans
eSports & the NFL

• Madden Championship Series (MCS) - A series of individual tournaments that culminate in a final event that reveals a champion

• NFL lacks a global reach and truly international fanbase making eSports involvement far less valuable and attractive to NFL brass

• The NFL is dominant professional league within the United States. The reality is that the NFL is far more financially well-off and popular than that of any other North American league.

The Madden tournament shooting in Jacksonville -- an inside look at what happened
“I think it’s all about fan engagement, and it’s about finding the right place to go in, we certainly are looking at it. I think a lot of those sports are doing it for specific reasons, and we have our reasons too,” Leece said. “We have our reasons too. I think it’s just a matter of finding the right place to enter and making sure that it’s something that the fans want and it’s done the way that the fans can appreciate that both as a video game and ultimately as an eSport (Palmer-Wilson).”
MLB Involvement in eSports

- Boring Sport
- Older fan-base
- 49% over the age of 35
MLB Involvement in eSports

For more information:

- Starting December 2018
- 16 teams
- MLB player confirmation that they will play
NHL

• Use eSports to increase interest in Hockey
• NHL Gaming World Championship tournament
• NHL franchises involvement
• Move away from 1-on-1 tournament to six person team
Atypical/Other involvement

Ambit Burgos
Other eSports Involvement

Robert Kraft- New England Patriots Owner- eSports team in Boston

Jeff Wilpon- NY Mets COO- eSports Team in New York

Micky Arison- NBA Miami Heat partially owns eSports team in Miami-Orlando region

Andy Miller- Co-owner of Sacramento Kings: eSports team in San Francisco
Other eSports Involvement

Jerry Jones- Complexity Gaming

Stephen Curry- $37M Team SoloMid

LA Dodgers0 $30.5M in high school eSports company, Play VS
Other eSports Involvement

Stanley Kroenke- Rams Owner

Mark Cuban and Ashton Kutcher- UniKrn

Magic Johnson- Team Liquid
Celebrities involved in eSports

- Shaquille O’neal, Alex Rodriguez, Jimmy Rollins - NRG Esports (a video games organization)
- Rick Fox - Former LA Lakers - owns League of Legends team (Echo Fox)
- Jeremy Lin - NBA point guard - Vici Gaming
- Rodger Saffold - NFL Offensive Guard - Rise Nation
- Steve Aoki - Musician - Rogue team owner
THANK YOU FOR LISTENING!!!

Questions???