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Everyone's talking about eSports: Industry overview, market trends and insights

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7-8 minutes

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At Antler, we are looking to be a long-term capital partner for entrepreneurs who are interested in building disruptive companies. One area we are spending more time on is eSports.

What are eSports?

Short for electronic sports, eSports are competitions where professional (or amateur) gamers square off in teams, or as individuals, to compete against each other in one off match or more lucratively, in tournaments with cash prizes. Originating in Asia, eSports has continued to gain popularity throughout the world, particularly among Gen Z, and was announced to the mainstream audience with Amazon's \$1B acquisition of Twitch.

What is the global market for eSports?

eSports has been a hot investment topic for the past few years, but as an industry, it has finally started to reach a level of maturity that makes operators within the space viable targets across the investment spectrum. Revenue has grown at 45% CAGR over the last four years to an estimated \$1.1B global market in 2019 and is projected to grow at 24% CAGR until 2021. According to a report by NewZoo, eSports currently monetizes its fanbase at \$3/fan (compared to the \$15/fan of traditional sports leagues). Therefore, incentives are aligned for innovation in the current operating models to capture value.

As revenue has grown, funding has rapidly increased as well, growing 1,000%+ over the last five years with 2019 seeing almost \$2B in eSports investments. This was a decrease from the record \$4.5B in 2018, but \$1.9B of that total is attributed to disclosed investments made by Tencent Holdings, which only invested \$40M in disclosed eSports transactions last year. Some notable transactions include:

- Esports organization 100 Thieves secured a \$35M Series B funding round led by Artist Capital Management, with Aglaé Ventures, part of Groupe Arnault participating. 100 Thieves announced plans to utilize the funds to establish a 15,000-square-foot Los Angeles headquarters and training facility, which will include streaming stations, content production capabilities, an apparel design workshop and a retail storefront for 100 Thieves-branded lifestyle apparel
- Comcast Spectacor, fmr. Comcast Sports Ventures, and SK Telecom launched T1 Entertainment & Sports (T1), a JV with multiple eSports teams based out of South Korea and the U.S
- Gen.G raised \$46M from investors, including several prominent Silicon Valley funds and high-profile individuals such as Dennis Wong and Will Smith. The funding will be used to launch a youth academy, open a team HQ in L.A. and expand into new games and regions
- Software startup PlayVS, which is building a platform for competitive eSports experiences focusing on high school and college eSports, raised a \$50M Series C led by return investor, New Enterprise Associates, with Battery Ventures, Dick Costolo and Adam Bain of 01 Advisors, Michael Zeisser, Sapphire Sport, Dennis Phelps of Institutional Venture Partners, and Michael Ovitz, co-founder of Creative Artists Agency
- Vindex launched with initial funding of \$60M to build a global eSports infrastructure platform provides technology and services to enhance UX for game publishers, eSports leagues and teams
- Hiro Capital launched a €100M (\$110M) venture capital (VC) fund to back innovators in the European Union (EU) and United Kingdom (UK) games, eSports, and digital sports ecosystem

- The National Football League Players Association (NFLPA), the Major League Baseball Players Association (MLBPA), and RedBird Capital Partners launched OneTeam Partners, LLC, a company to help athletes maximize the value of their name, image, and likeness rights

Key Trends:

- Data & Analytics

Still a huge area of need in the space especially as teams and leagues mature. One big hole is lack of predictive analytics to anticipate opponents moves and strategies and inform your own

Companies in the space recognize the need for better data and analytics capabilities as they pursue non-endemic revenue streams

Riot is partnering with Nielsen to create a per-minute audience metric for viewing that will make it easier to sell their adds in traditional CPM format; this was crucial to their ability to secure their soon to be announced new media rights deal

- India

Still represents a large opportunity for a variety of eSports. Dream11 is the leading fantasy sports company and has entered the vertical with a massive user base

While US and the rest of APAC is awash with VC money in the space, recent years have seen this trend spread to India as well with its mobile gaming market set to grown to \$1B by 2021 according to KPMG

COVID-19

- One of the few industry's to see a silver lining in this global crisis, eSports has seen a massive rise in global prominence, especially among traditional sports fans, as people are being sheltered at home and traditional sports alternatives are forced to shutter
- The Phoenix Suns have found success through a continuation of their season via Twitch and NBA2K: [Click Here](#)
- NBA 2K League to host online fan tournament with \$25K prize pool during pandemic shutdown
- One of Spain's biggest soccer games was canceled because of coronavirus, so the teams, Sevilla FC and Real Betis, played it on 'FIFA' and streamed it to 60,000 fans on Twitch
- After the success of a one-off game between Sevilla and Real Betis on the weekend, all 20 sides in Spain's currently-suspended La Liga are now going to play a tournament in FIFA 20

Companies pioneering the space

Skillz

- Description: Skillz is a mobile eSports platform that allows mobile gamers to compete against each other for real cash prizes
- Over 18 million gamers use Skillz to compete in mobile games across 13,000+ game studios

eSports One

- Description: Real-time eSports data & analytics company that utilizes computer vision and deep learning to enrich the eSports experience
- Also offers all in one fantasy eSports platform providing seasonal and daily leagues and events powered by their data analytics and real-time computer visualization

DOJO Madness

- Description: Offers post-game insights, enables users to analyze and improve his or her gameplay and develops tools for gamers to improve their play.

Shadow.GG, a SaaS platform providing analytics and data visualizations for Counter-Strike

BRUCE.GG, a platform that allows gamers to get their own plays as videos, share them with their friends, rate their clips, coach each other with its tools and offer automatically generated top scenes, match analysis, and tactical insight for coaching

Call to Action: Please reach out to get in touch if you are interested in building or scaling an eSports companies.

