



Blockchain in Sports and eSports

Challenges in Sports and eSports

- Only a small portion of the total industry revenue goes to the players.
- There is no credible, self-sufficient environment for gamers and brands.
- Unless fans and followers follow players on social media platforms such as Twitch or YouTube, they have no easy means of knowing who they are.
- There isn't a transparent system to provide fair rewards to service providers.
- Investment in eSports is difficult without a centralized portal that allows for secure eSports participation.

Why Use Blockchain?



Technology is extensively utilized to reward fan participation and create one-of-a-kind experiences.

Athletes can also use Blockchain to crowdfund their performances by using income share agreements.

Blockchain is rethinking the fan experience to enable new ways for fans' engagement.

Furthermore, through tokenized teams and loyalty reward schemes, Blockchain has established new revenue sources for teams and clubs while monetizing fan involvement.

Blockchain is fast gaining traction in the collectibles and gaming industries, as well as sports betting.

The Incorporation of Smart Contract

Smart contracts, either in place of or in addition to traditional contracts, will help all parties involved in the sports sector. Not only does it make contract drafting easier, but it also has the high potential to reduce or eliminate contract-related disputes.

Let's have a look at an example that portrays how the sports industry can utilize the Blockchain with the help of smart contracts via incentive-use payments.

Consider a power-hitting professional baseball player. Let's call him Player X.

Assume Player X and the team have agreed to a smart contract in which Player X will receive a \$250,000 incentive if he hits 35 home runs this season.

With Blockchain, if Player X now has 34 home runs and then hits number 35, the transaction will automatically complete due to the smart contract's specified requirements being met.

The Incorporation of Smart Contract

The data (in this case, Player X's amount of home runs) will be pulled from the Blockchain by the smart contract. The transaction is completed after the predefined condition is met, and \$250,000 is directly sent to Player X.

Another example that illustrates how smart contracts can be exploited in the sports industry is endorsement deals.

Professional athletes and third-party sponsors have a high incidence of disagreements. Smart contracts, which can be used to replace regular contracts, can help with these concerns.

Let's suppose that Player A has signed a sponsoring agreement with Company Z. Player A will be paid \$500,000 after he appears at ten Company Z sponsored events.

The process will work likewise, as above, with a contract signed between Player A and a team. Data here (in this case, Player A's number of appearances) will be pulled from the Blockchain via smart contract.

The Incorporation of Smart Contract



The agreement is completed, and \$500,000 is paid once the predetermined condition (in this case, ten appearances) is fulfilled.

But what if the desired condition is not met? In that case, the transfer will not occur, and the Player will not receive any funds.

Use-Cases of Blockchain in Sports and eSports



Fan Tokens

The appeal of fan tokens arises from their capacity to increase interaction while also providing extra revenue streams for teams. Fans can purchase tokens using FIAT currencies such as dollars, pounds, and euros, which can then be traded for souvenirs, collectibles, or exclusive experiences.

Digital Trading Cards and Collectibles

Digital collectibles, powered by Non-Fungible tokens (NFTs) are individually unique and limited in quantity. This means that NFTs can be used to produce “limited edition” collectibles, and the immutability can be used to verify their uniqueness. As a result, they're the ideal tool for clubs and teams to use to create digital trading cards, in-game assets, and gaming memorabilia for fans to buy and trade.

Fan Loyalty and Engagement Platforms

Fan Loyalty and Engagement Platforms allows teams to foster a sense of community and belonging among their fans. With the help of these blockchain-based platforms, fans can get rewarded for interacting with clubs' sites, sharing and liking content, or with the help of loyalty programs that allow them to collect rewards to spend on digital collectibles.

Use-Cases of Blockchain in Sports and eSports



Blockchain-Based Ticketing Systems

Blockchain can be applied at the ticketing level as a more secure way of purchasing or transferring tickets among owners. Fans who are unable to attend an event can switch their ticket without paying penalty fees, thanks to its decentralized nature.

Decentralized eSports Ecosystems

Blockchain technology can provide a robust single platform to bring multiple stakeholders altogether. Its decentralized structure enables industry stakeholders to communicate in a peer-to-peer (P2P) manner, eliminating intermediaries and enabling the smooth distribution of prize money, player transfers, and more via programmable smart contracts.