



THE ESPORTS HORIZON: A BRIGHT FUTURE FOR SPORTS

Borne from grassroots video game competitions, esports' humble beginning as a gaming niche has evolved into a massive marketing operation used by the video game industry to promote their games. Consumers are watching esports competitions in greater numbers than ever before, shaping the media habits of an entire generation. Despite the hype surrounding esports, the market is currently worth about \$700M and is expected to double in size by 2020.



The growth of esports provides opportunities to learn about the future of fan engagement in professional sports. Its dependency on streaming video platforms and digital communications tools makes it a fantastic space for companies to experiment. We believe the greatest innovations in the esports market are yet to be discovered, but we are tracking the following areas closely:

1. **Industry pioneers:** Innovative stakeholders like Valve and Activision/Blizzard that dominate production and distribution, and redefined business models for gaming and esports. This also includes smaller developers, like Bluehole and Psyonix, that create cutting edge games and reach across borders and

cultures to create the future of video game competition.

2. **Disruptive broadcast technologies:** Twitch.tv, Splitmedialabs and Maestro.io are just a few examples of companies that combine core technologies to create new tools, channels, and software that the esports industry relies on.
3. **The sports/esports divide:** We follow organizations such as Team Splyce and Echo Fox that transcend the boundaries of traditional sports and esports, bringing together the business strength of sports and entertainment savvy of esports to reinvent competitive entertainment.
4. **Core infrastructure and sponsors:** All sports require a strong base of equipment manufacturers and endemic sponsors that fuel leagues and teams with capital and products. We cut through the hype to highlight which organizations are successful and why.

New trends in audience engagement arise from and supplement esports, but this nascent industry is still facing growing pains. Professional sports has plenty of opportunity to not only learn, but also to shape the future of esports. Learning how video game developers and new content channels use advances in broadcasting to engage their audiences will provide invaluable insights into the next generation of sports fans.

Data source: Newzoo. Image not drawn to scale.



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