Inside the e-Sports Ecosystem: A Business Overview

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Turtle Entertainment
About the presenter

• Saw the beginning of Quake 2 & 3 and Counter-Strike, and many more games over the years
• Joined Turtle in 2006
• He and his team figure out the first rule book of a sport on a regular basis
• They ran 1,500 tournaments this year with 1.5 million participants
eSports – The name

- Why not sport?
- Retired terms: Cyberathleticism, professional video gaming
- Sports professionals are split over accepting eSports
- Definition more an issue for sports professional than us
A different sport

- Can be experienced by everyone
- Global player liquidity helps develop a sport
- No physicality
- Digitally exact
- Inclusive
What is eSports?

• Synchronous Multiplayer games that are played competitively (team games mainly)
• From ranked matchmaking to the Staples Center
• For us there is only eSports, but we treat each game individually as a sport
OFFICIAL LEAGUES

League of Legends

World Championship

Season Two Regional Finals and Championship Locations

07/28
Shanghai, Mainland China at Shanghai Expo

09/21
Seoul, South Korea at the Olympic Park

09/22
Singapore at Suntec City

10/13
Season Two Championship
Los Angeles, CA

08/31
Seattle, WA at the PAX Prime

08/31
Cologne, Germany at Gamescom

Total Unique Viewers via Live Stream

Season One Championship: 8/26/11: 1,980,000

ESL Game Show: 8/27/11: 1,892,000

ESL Finals: 9/16/11: 2,341,500

ESL World Finals Qualifiers: 9/30/11: 2,208,000

20% Las Vegas: 4/12/12: 2,640,000

AUS MLB Game Broadcast: 1,440,000

$5 Million Season Two Prize Pool

$3 Million Championship Prize Pool

Regional Finals and World Championship

For details and updates, visit

www.leagueoflegends.com
THE INTERNATIONAL 2
Why enter this business?

What the public thinks:

• Reach
• Trend
• Direct profit
Actual good reasons to consider eSports

• Engagement
  • Viral acquisition
  • Brand loyalty
• Across genres, once learned becomes part of your marketing
• Competitive advantage
• Gain control
• A sound business choice overall
Options

- Organic / anorganic
Is there an eSports industry?

“Your best bet finding an eSports position is to look at every company that sponsors eSports.”

This view is common and wrong. eSports is its own business between sports, games and internet industries, with its own set of actors.
League brands

- Dreamhack (Sweden)
- ESL (Germany)
- MLG (US)

- All of them have their own brands, but also operate as agencies
INDEPENDENT LEAGUES
Our model of eSports

- Not just segments, also a timeline, almost every esports entity went through these 3 phases
- Every esports competition is part of one of the three segments
- Most actors and esports aspects/factors can be mapped to this model
## Clans

### INGAME
- Parties
- Guilds
- In-game clans
- Loose organization, but strong social bond

### GRASSROOTS
- Emerging organizations
- Own website and communication
- Expands to more games
- Clan leader usually stops playing
- Organization is fragile, as interests change

### PRO
- Strong brands and hopefully strong businesses
- Massive communication channels
- Business interest in new games
- Player management
- Physicality

- Drivers of engagement, image carriers, catalyst for player development
- Leagues intertwined with top clans, working together on goals, and sometimes picking titles together
- Role of clans still in flux
- You will see grassroots organizations take part in pro communities
## Casters

<table>
<thead>
<tr>
<th>INGAME</th>
<th>GRASSROOTS</th>
<th>PRO</th>
</tr>
</thead>
</table>
| » Streaming players  
» Home casters are developed here | » Leagues evolve standards  
» Pairing with game experts for mutual learning | » Pro leagues need good commentators  
» Personalities draw crowds |

- Faces of the brand/game until much later  
- Leagues have commentator stables  
- Support this with Twitch integration
Players

• Professionalize over time, know them, treat them well
• Riot says “Players first”, better believe them
• Player agents will become a topic
Community websites

- Make sure you can conveniently put content in front of all your players
- Reddit & Twitter very important for anglo-centric communities
- Support game-specific portals with good content
- Important to have independent coverage/community pages
Other sports aspects

- Sound decisions needed
- Game design plays into this as well
1. Match Media
All match media (screenshots, etc) must be kept for at least 14 days. In general, you should upload the match media from a match to the match page as soon as possible. Faking or manipulating match media is of course forbidden and will result in severe penalties. Match media should be named clearly based on what it is. It is not possible to file a protest or write a support ticket to complain about bad match media naming. However, if an admin is hindered in their work because of bad match media names then it can be punished for.

1.1. Screenshots

1.1.1. Score screenshot
- Only needed in matches played without the Tournament Code.
- A screenshot of the scoreboard at the end of each match must be taken and uploaded to the match page.
- Manipulating of a screenshot can lead into penalty points, (a) Warning, (b) hiding champions, items or statistics 1-2 penalty points, (c) faking the result of a match 4-6 penalty points.

1.2. Missing Screenshots
- Matches played with the mandatory Tournament Code do not need any screenshots.
- If a match has been played without the Tournament Code, a screenshot of the match result must be uploaded after a match.
- A missing screenshot can lead to a penalty points for each team/player and the match may be deleted. (a) Warning, (b) 1 penalty point for each team/player
- An incomplete screenshot can lead to 1 penalty point or a warning for each team/player.

2. Settings

2.1. The Tournament Code
The Tournament Code has been created by the ESL in cooperation with Riot Games. It automates ESL tournaments by creating a match lobby with the right settings for a tournament match and reports the match statistics to the ESL servers. The Tournament Code is mandatory in all European Captains, Leagues and Tournaments, if it’s provided. If there are unexpected problems, the Tournament Code is allowed to not be used. A match that has begun without the use of a Tournament Code counts as an agreement and later complaints are not accepted.

2.2. Server
Client and Server All ESL Europe matches have to be played on Europe West, Europe Nordic & East or the Tournament Realm, if needed.

3. Match rules

3.1. Failure to appear / No Show
In the European League of Legends, every team can play 15
Rules

**INGAME**
- Automated as much as possible
- Need to combat toxicity

**GRASSROOTS**
- Stricter rules
- Clans are forced to organize better

**PRO**
- Very elaborate rulesets, covering lots of meta aspects of competition
- Pro teams forced to become businesses

- XonX / game mode critical decision, involve leagues
- Rules / game design feedback loop
Streaming & Events

- Events start at $10,000 in studio environment
- Venue cost and production quality scale
- Never run an event with no eSports company involved
GAME FEATURES

GAME DEVELOPERS CONFERENCE NEXT®

NOVEMBER 5-7, 2013  EXPO DATES: NOV 5-6  LOS ANGELES, CA  GDCNext.com

GAMERS PRODUCE CONTENT

OPEN GAME

SDK
make direct broadcasting possible

INPUT CREDENTIALS

CLICK STREAM

SET TONS OF CONFIG OPTIONS

TEST STREAM

READJUST CONFIG OPTIONS

SET STREAM TO TWITCH

AUDIENCE CONSUMES CONTENT

API
creates new discoverability options

WEBSITES
WEB APPS
PLATFORMS
PRODUCTION

WWW.TWITCH.TV
standard route for content

DEVELOPERS PROGRAM
Game Features

**INGAME**
- Balancing
- Streaming-Friendly / Twitch
- Matchmaking
- Anti-Cheat

**GRASSROOTS**
- Re-balancing
- Custom Matches
- Spectator mode
- Team matchmaking
- Custom Match APIs

**PRO**
- Re-balancing
- Demo recording
- Stats APIs
- Map editor

- Plan ahead, but focus on game as much as possible
- You will also need to add more staff to manage eSports
- Streaming/interface: See Sean Plott’s GDC Next presentation on “The Observer Friendly Game”
PRIZE MONEY
# Prize Money

<table>
<thead>
<tr>
<th>INGAME</th>
<th>GRASSROOTS</th>
<th>PRO</th>
</tr>
</thead>
<tbody>
<tr>
<td>» Just rewards</td>
<td>» $100 for online tournaments + rewards&lt;br&gt;» 5,000$ for 3-month season pro/am leagues</td>
<td>» Depends</td>
</tr>
</tbody>
</table>

- Prize money for pro tournaments dependent on overall market
- Grassroots needs to be positioned in-between
- Scaling depending on current needs
Example eSports Strategy

- **eSports Kickoff**
  - First monthly final + TV Show

- **Start of Go4 (EU & US)**

- **Go4 Season Finals (Studio event, 1 day)**
  - Start of ESL Euro & America Series

- **Spring Finals (Gamescom, 1 day)**
  - Euro / America Series Autumn Finals (Studio event, 1 day)

- **First monthly final + TV Show**

- **Establishing ESL Euro & America Series as ongoing professional tournament, giving stability to clans and top players. Increasing overall attractiveness with continuous online broadcasts and potential offline final events.**

- **Increase viewership and overall Go4 participation levels. Firmly establish top clans for later pro leagues.**

First steps in eSports, Beta Cups as precursors

Establish core competitive scene in Go4 in EU & US, establish regular casters

If player/stream numbers are good enough, game can be upgraded to one of the games in the ESL Major Series One

Roll-out of local Go4 series to further strengthen activities & keep engagement
<table>
<thead>
<tr>
<th>Game</th>
<th>Prize Money / month</th>
<th>EU, Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>CS:GO 5on5</td>
<td>1,500€</td>
<td>EU, France</td>
</tr>
<tr>
<td>WARGAME: AB 2on2</td>
<td>2,500€</td>
<td>EU, US</td>
</tr>
<tr>
<td>SHOOTMANIA: STORM 3on3</td>
<td>1,800€</td>
<td>EU, US</td>
</tr>
<tr>
<td>WORLD OF TANKS 7on7</td>
<td>11,000€</td>
<td>EU, CIS</td>
</tr>
<tr>
<td>CROSSFIRE 5on5</td>
<td>2,000€</td>
<td>EU</td>
</tr>
<tr>
<td>FIFA 1on1</td>
<td>2,000€</td>
<td>EU, Germany</td>
</tr>
<tr>
<td>LEAGUE OF LEGENDS 5on5</td>
<td>12,000€</td>
<td>US, EU, Romania, Turkey, CIS, Poland, France, Brazil</td>
</tr>
<tr>
<td>COMBAT ARMS 5on5</td>
<td>2,000€</td>
<td>EU</td>
</tr>
<tr>
<td>FIREFALL 5on5</td>
<td>16,500€</td>
<td>EU, US</td>
</tr>
<tr>
<td>CALL OF DUTY 4on4/5on5</td>
<td>2,000€</td>
<td>EU</td>
</tr>
<tr>
<td>BATTLEFIELD 4 5on5</td>
<td>1,000€</td>
<td>EU</td>
</tr>
</tbody>
</table>
**ASSETS GENERATED BY GO4**

<table>
<thead>
<tr>
<th>Weekly winner name, photo</th>
<th>Tweets and Facebook postings by users, participants and brand accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tournament Brackets</td>
<td>Monthly ranking, updated each week</td>
</tr>
<tr>
<td>Live tournament streams on Twitch</td>
<td>Monthly final announcements (qualified players, cup highlights), 1-2 weeks before actual final</td>
</tr>
<tr>
<td>Match VoDs on Twitch and YouTube</td>
<td>Player interviews, statements, testimonials for marketing use (on request)</td>
</tr>
<tr>
<td>Replays (if available in game)</td>
<td>Player surveys (on request)</td>
</tr>
<tr>
<td>Statistical analysis on cup participants (including demographical data on request)</td>
<td>Tournament page and game section on ESL</td>
</tr>
</tbody>
</table>
Go4 Combat Arms

- Dedicated Microsite* on Official Combat Arms website

* http://event.nexoneu.com/caetournament
KEY LEARNINGS

» One-off events don’t work
» Running leagues is hard
» eSports is not an acquisition channel
» Not every game is a winner
» Be smart about your investments
» Evolve eSports features slowly, steadily
» Close collaboration with leagues
Thank you!

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