



The eSports Industry to Date

The Drivers Behind Current and Future Growth

Emily Souza
Client Director
San Francisco



eSports
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9 SEPTEMBER 2015 | SAN FRANCISCO



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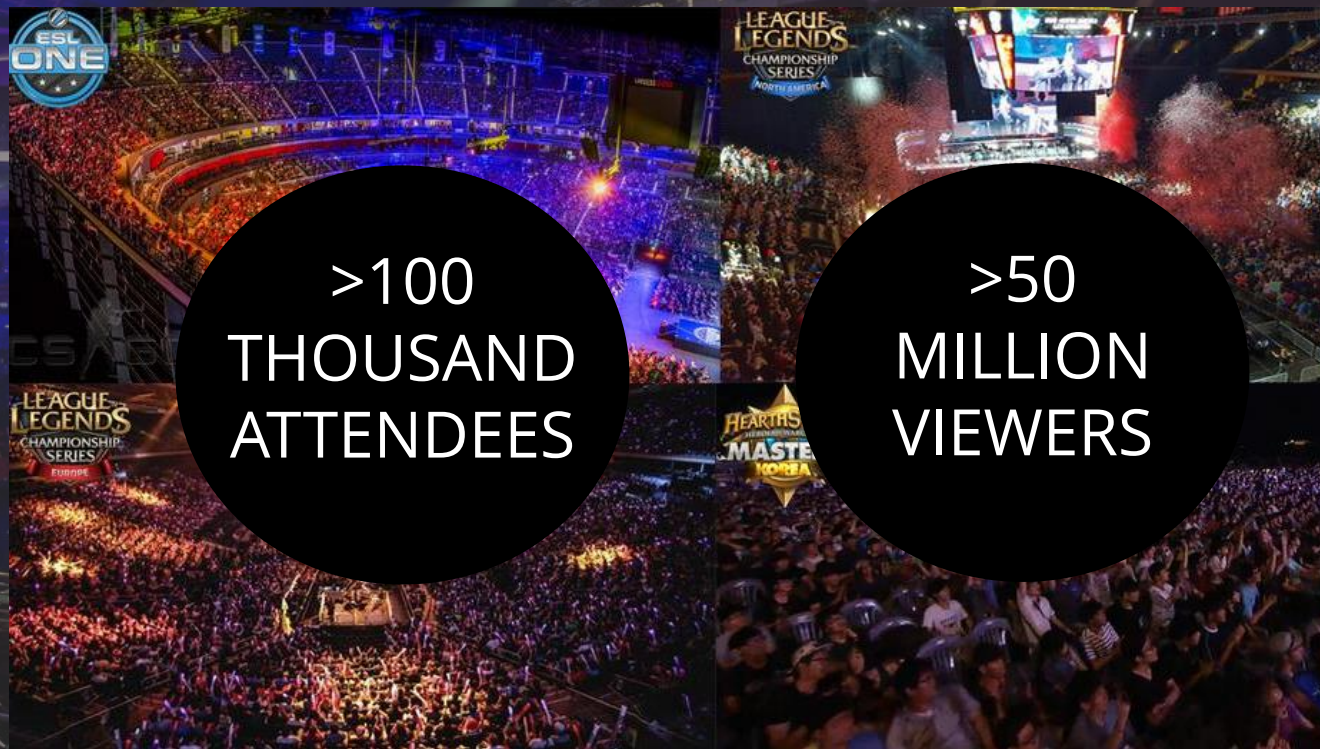


Weekend of 22/23 August

Another Landmark Moment in Esports History

Emily Souza
Client Director
San Francisco

ESL ONE COLOGNE
CS:GO
LANXESS ARENA, COLOGNE



LCS NORTH AMERICA FINALS
LEAGUE OF LEGENDS
MADISON SQUARE GARDEN, NYC

LCS EUROPE FINALS
LEAGUE OF LEGENDS
HOVET ARENA, SWEDEN

OGN MASTERS
HEARTHSTONE
YONGSAN ESPORTS STADIUM, SEOUL

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Four vertical panels of Forbes article teasers, each with a title, author profile, and social sharing options (comment, tweet, email, Facebook, Twitter, LinkedIn, Google+, link).

- Panel 1:** Title: "W... Su...". Date: APR 28, 2015. Social: COMMENT NOW, email, Facebook, Twitter, LinkedIn, Google+, link.
- Panel 2:** Title: "The... Econ...". Date: JUL 26, 2015 @ 1:30. Social: TWEET THIS, email, Facebook, Twitter, LinkedIn, Google+, link.
- Panel 3:** Title: "Larg... Milli...". Date: APR 9, 2015 @ 5:55. Social: TWEET THIS, email, Facebook, Twitter, LinkedIn, Google+, link.
- Panel 4:** Title: "Billion... eSport...". Date: AUG 23, 2015 @ 8:45 PM. Social: TWEET THIS, email, Facebook, Twitter, LinkedIn, Google+, link.

Evil Geniuses Take Home Record \$6.6M First Prize In Valve's 'Dota 2' International

AUG 9, 2015 @ 4:48 PM 22,431 VIEWS

Paul Tassi, CONTRIBUTOR
News and opinion about video games, technology and the internet.
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Opinions expressed by Forbes Contributors are their own.

FULL BIO



A few different records were set by the end of Valve's fifth world championship for *Dota 2*, The International. One is that an American team won for the first time, with Evil Geniuses besting China's CDEC for the crown. The second is that the five members of the winning team, Fear, PPD, Aui, Sumail, and Universe, took home the lion's share of Valve's unprecedented, crowdfunded \$18M prize pool, splitting a \$6.6M first place haul among them.

Evil Geniuses won the series 3-1 over CDEC, who had previously knocked them into the loser's bracket. But despite that, and the fact that an American team has never won the tournament before, Evil Geniuses were still heralded as the favorites heading into the final. Their win and the tournament as a whole shows the volatility

Bring cloud dynamics and agility to branch offices everywhere

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The International

DOTA 2 CHAMPIONSHIPS



What's Special?

\$1.2M Per Player is more than the 2014 Soccer World Cup 3rd Place Prize Money.

Prize Pool
\$18M



DOTA 2™
Winning Team
\$6M

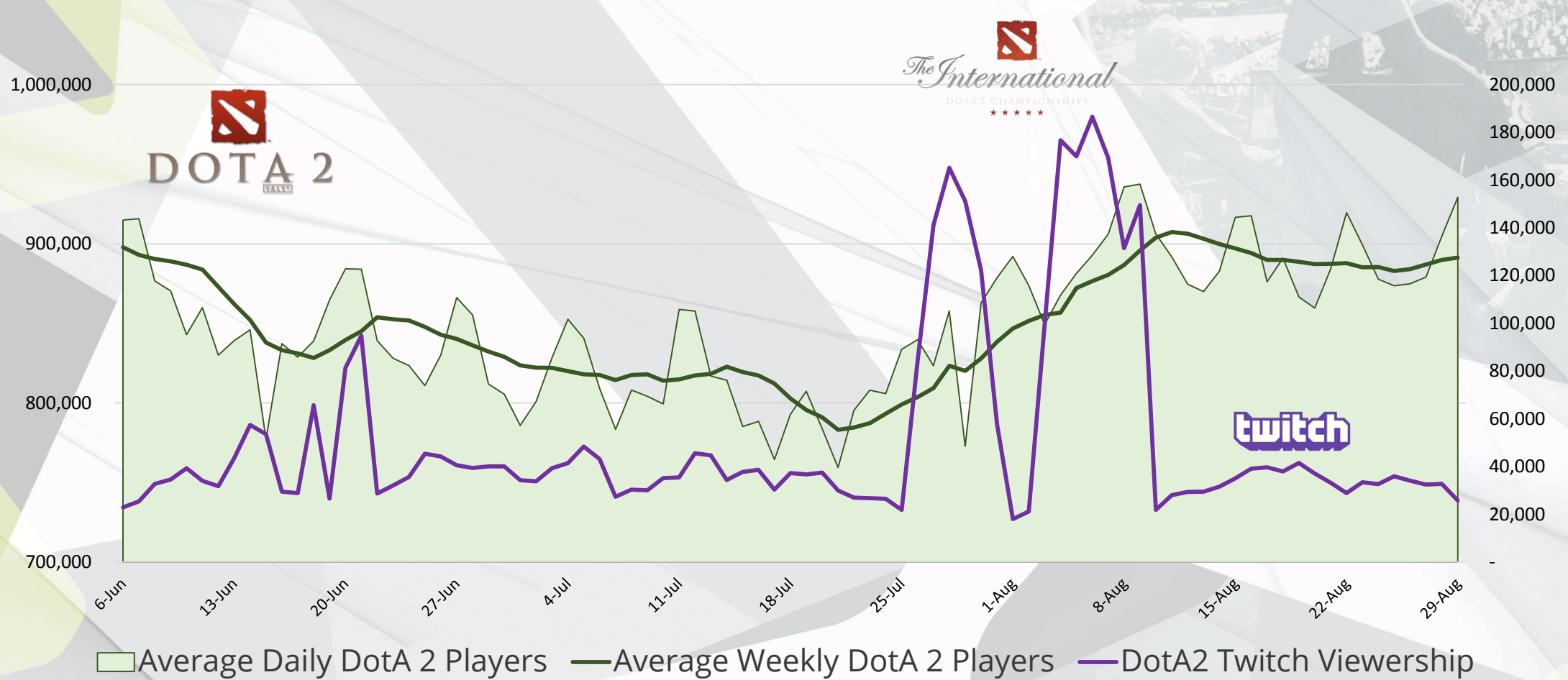
What's Special?

\$16M Was Crowd Funded by \$2.50 of every \$10.00 donation, making Valve \$54M



New Direct Esports-Related Revenue Streams

ORIGINAL ESPORTS DRIVER: GET PEOPLE PLAYING



SOURCE: GLOBAL GROWTH OF ESPORTS REPORT PREMIUM | Q3 2015 UPDATE



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Sizing The Esports Economy

Without inflating the potential amidst all the buzz

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We are an innovative global market research and predictive analytics firm with a primary focus on games. We provide our clients with a mix of market trends, financial analysis, revenue projections, consumer insights, data modelling solutions and predictive analytics services across all continents, screens and business models. Newzoo works for the majority of top 25 public companies by game revenue globally, many independent game developers as well as leading global hardware and media companies.

MMO'S PC/MAC TABLET SMARTPHONE HANDHELDS TV/CONSOLE SOCIAL/CASUAL



SAN FRANCISCO

AMSTERDAM

SHANGHAI

THESE COMPANIES CURRENTLY SUBSCRIBE TO NEWZOO'S SERVICES



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LET'S BATTLE

plantronics
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VALVE

steelseries

Coca-Cola
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EVOLUTION OF THE ESPORTS TREND | 2013

newzoo October 2013
games market research **Trend Report**

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PC Gaming. Power to the People

Trends and Facts on the Worlds Largest Games Segment



featuring contributions by




"PC gamers have grown to expect a high quality game, with the ability to invest oneself long term, due to persistent profiles, online worlds, a way to play with friends etc. PC game developers have always understood that and delivered the type of experience that keeps gamers playing their games for month even years at a time." - Donovan Duncan, VP Marketing, Curse Inc.



Defining PC Gaming
Different ways of looking at PC Gaming

In our Screen Segmentation, online casual and social gaming is grouped with downloaded (and boxed) PC as well as MMO games. Online social and casual games gross only 9% of the global market but, in terms of number of gamers, it is one of the most popular segments.

PC Gaming as Screen

Platform	CAGR
MMOS	+10.4%
PC/MAC	-6.4%
SOCIAL/CASUAL	-1.7%
SMARTPHONE	+18.8%
TABLETS	+15.0%
PC/MAC	+3.5%
SMART	+47.6%

PC Gaming as Scope of this Report
In this report, the focus is on immersive PC and MMO games, including those played on a Mac. Traditionally, the consumers playing these games are referred to as "core" gamers or game enthusiasts. We will refer to this segment as the "core" gamer in this report. We use a strict definition, zooming in on the gamer that spends significant time as well as money. These variables are described to the right.

Defining the Core Gamer
Starting point: For the use of this term within this report, there are many ways to define "core" gamers. Our clients each have their own way to segment the gamer audience using a selection of our 200 variables, in this report, games must meet the following criteria to be considered "core":
 1. Play at least one PC/MMO genre once a week or more (see the list below)
 2. Spend \$100+ for more per month on PC/MMO games
 3. They consider themselves to be a core gamer based on the statements below.

List of core genres
PC: Race, Strategy, Action/Adventure, Simulation, Role Playing, Shooter/First Person, MMO, Real Time Strategy, Role playing, Shooter/Action/Strategy/Adventure, Sports/Simulation, Battle Arena.

Game segment statements:
Core: Gaming is an important part of my life and I spend a large amount of my spare time gaming. I enjoy immersive action-packed games the most, and like to compete with other gamers.
Mid-Core: I play games regularly, favoring immersive games. I do not spend great amounts of time gaming and don't spend a large amount of money on it. However, I would have more spare time I would probably spend more time and possibly money on games.
Casual: Although I enjoy games, my time spent or interest in them is minimal. I mostly play games to pass the time and don't invest a lot of money in them.

This definition is also used to profile the "core" of gamers on page 10.
All topics that can be used to create game segments: www.newzoo.com/pcgmr

Quote: "This year, 30% of global game revenues will be generated through the computer screen totaling more than the TV screen."
Peter Warman, CEO Newzoo

EVOLUTION OF THE ESPORTS TREND | 2014



The Global Growth of Esports

TRENDS, REVENUES AND AUDIENCE TOWARDS 2017

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V 1.0 | JANUARY 2015



"As one of the fastest growing sports in the world, eSports only lacks exposure and deeper understanding. Newzoo has been significant help to eSports in that regard. Their reports have shaped the initial understanding of the market as their information is clear and allow deep insight in a rather unexplored business." - Fabian Mallant, Manager Unicorns Of Love



57% plays eSports

Traditional Sports Show The Way
subheadline goes here

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EVOLUTION OF THE ESPORTS TREND | 2015



Limelight
NETWORKS

"Publishers will want to take a strategic look at their video sharing infrastructure based on the convergence of games and video. The business opportunities are just beginning to emerge, but clearly this new surge in gaming creativity will demand tremendous scalability and innovative solutions." - Anne Blanchard, Gaming Solutions, Limelight Networks,

FREE WHITEPAPER The Consumer as Producer How Games & Video Converge to Drive Growth

Growth Towards 2018 and Consumer Forces Converge

Markets are converging to ensure healthy growth of the games and video streaming helped accelerate Machinima into a global cultural phenomenon. The website machinima.com in particular grew from its humble origins in 2000 to operating a behemoth with a YouTube network that achieved the most online videos in 2011. Machinima.com went on to raise more than \$90 million dollars in funding over the last eight years, the most recent being a Series E funding round that totalled \$24M and was led by media giant Warner Bros.

Best estimate: \$41.2 billion will account for 36% of the most revenue generating screen, even primarily by PC/MMO games. VRJ with \$26.8 billion will have 24% in 2015. Both the Computer Screen and VRJ account for a small portion of their share to the screen. Smartwatches, in 2018, account for 27% of the pie, (Smartphones, Handhelds).

2014, 2015 & 2018



The Giants of Game Content Twitch Faces Competition as Streaming Takes Off

The growing generation of high speed internet and consumer acceptance and use of online streaming helped accelerate Machinima into a global cultural phenomenon. The website machinima.com in particular grew from its humble origins in 2000 to operating a behemoth with a YouTube network that achieved the most online videos in 2011. Machinima.com went on to raise more than \$90 million dollars in funding over the last eight years, the most recent being a Series E funding round that totalled \$24M and was led by media giant Warner Bros.

Curators of Fandom and Gaming Culture
The current format is a programming service dedicated to pure fandom and gaming culture and it appears to be working well for the company. Machinima currently reaches more than 151 million viewers and 3.3 billion video views a month. Its Machinima YouTube network has more than 12 million subscribers worldwide and the company has a talent network of more than 30,000 programmers. It remains one of YouTube's five largest networks in both reach and engagement.

Twitch and its Growing Number of Competitors

The success of machinima.com has not been singular or in isolation; Amazon, was launched in 2011 as a spinoff focusing purely on video gaming and e-sports broadcasts. It then grew into a monolith averaging more than 43 million monthly views on its website. Twitch's relative dominance is not uncontested views on its website. Twitch's HiBox was launched in late 2013 and reached over 10 million unique users and over 100 million page views in its first year. Even Steam, primarily a digital distribution platform, unveiled Steam Broadcasting in 2014.

Twitch currently remains the acknowledged leader in streamlining gameplay and esports, but lags behind YouTube when it comes to numbers of creators, array of content and audience size. The YouTube platform has created a huge network of fans and influencers that can greatly shape and change opinions on top game titles, generate buzz and drastically impact games. The recently announced YouTube Gaming will put the two platforms in direct competition. At the same time, Twitch is branching out in new directions such as education and live music.

MACHINIMA
currently boasts
3.3 billion
monthly video views

YouTube
Of the top 20 game videos in May
97.5%
of all the views came from fan-made videos.



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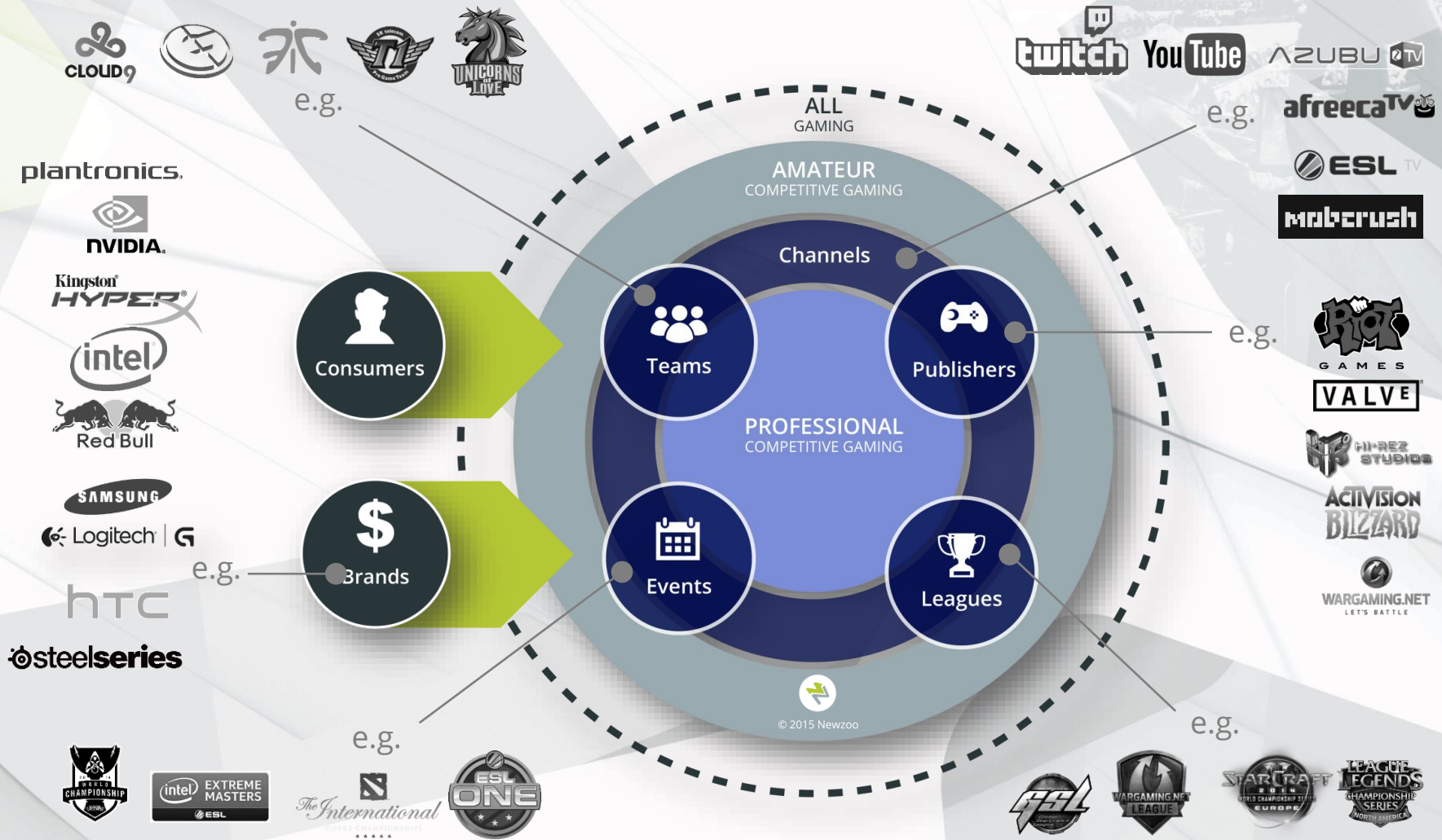
The eSports Economy Today

Companies, Audience, Revenues

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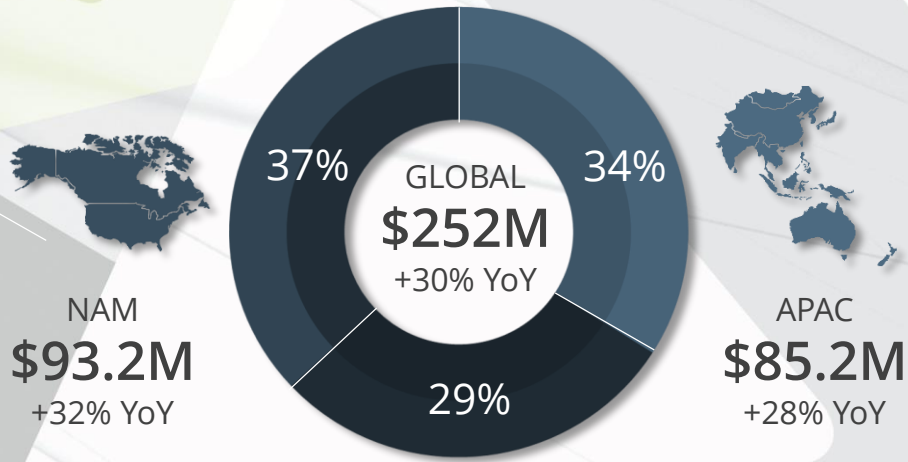
THE ESPORTS ECONOMY



ESPORTS AUDIENCE AND REVENUES IN 2015

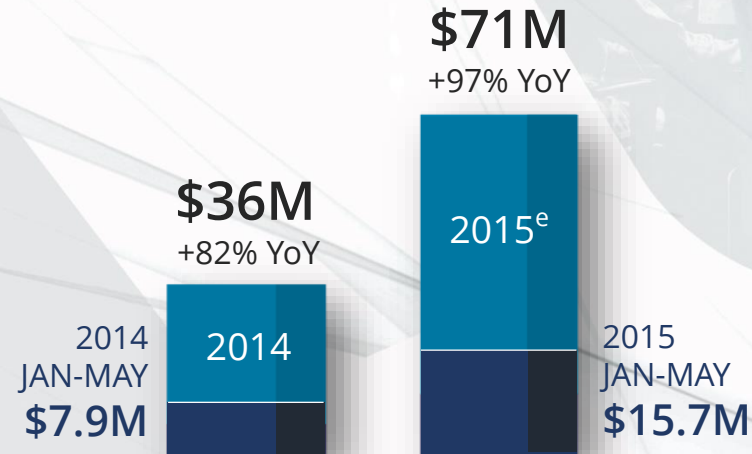
Revenues

2015 | Esports | Global, NAM, APAC



Prize Money

2014 vs 2015^e | Esports | Global



KEY FACT

Of all eSports viewers

40%

does **not play** the games themselves

Audience

| 2015 | Esports | Global



Spectator Sport

■ Regular Viewers / Participants
■ Occasional Viewers / Participants
■ Regular Viewers (>once a month)
■ Occasional Viewers (>once a month)

Source: Newzoo, *The Global Growth of Esports: Trends, Revenues & Audience Towards 2017*

HUGE GROWTH POTENTIAL FOR A VALUABLE AUDIENCE

ESPORTS ENTHUSIASTS ARE A VALUABLE TARGET GROUP IN TERMS OF DEMOGRAPHIC PROFILE & ARE BIG DIGITAL MEDIA SPENDERS

© 2015 Newzoo | Source: Global Growth of Esports Report Premium

53%

Have a
full-time job

vs. **37%** of the total population

30%

Are
female

vs. **48%** of all gamers

30%

Is in the high
income bracket

vs. **22%** of the total population

55%

Is between 21
and 35 years old

vs. **33%** of all gamers



eSports Sponsors

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NVIDIA.

Logitech | G



BenQ



steelseries



plantronics.



AMD



Red Bull



Coca-Cola

OFFERING ENTERTAINMENT ACROSS ALL SCREENS



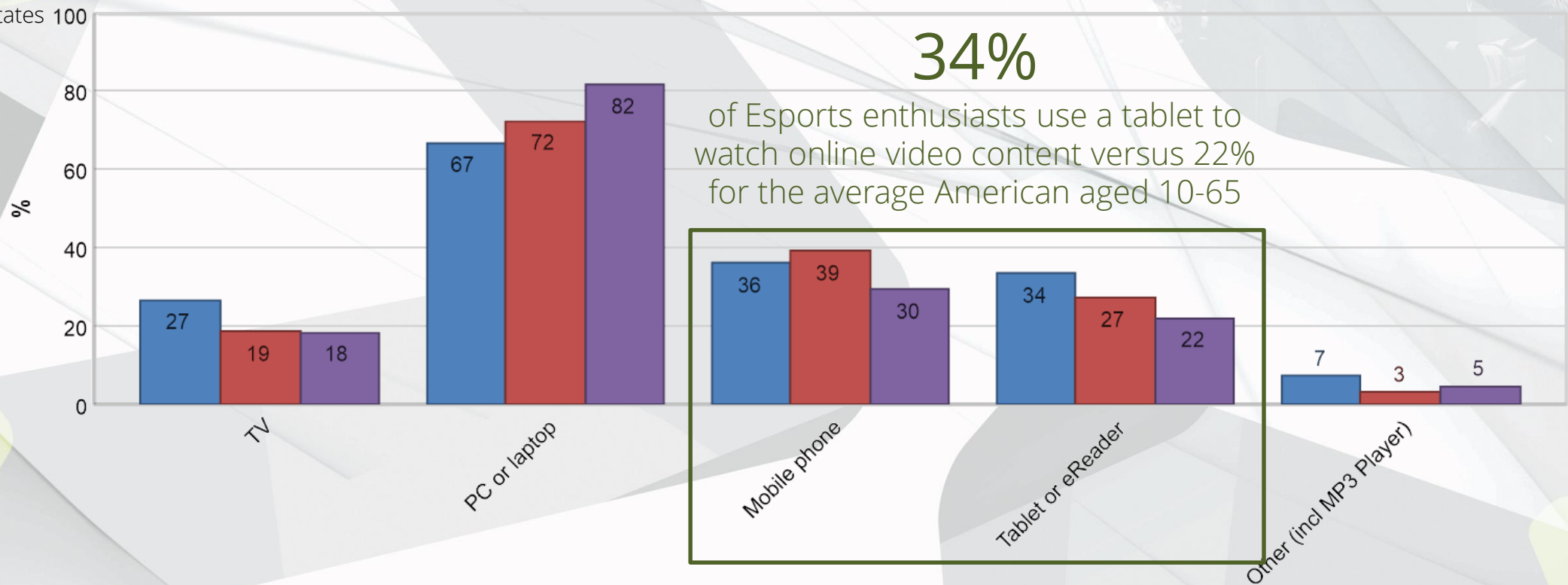
United States 100

Device used to watch online video

eSports Enthusiasts
That watch online video
10.1 Million

Occasional Viewers
That watch online video
13.0 Million

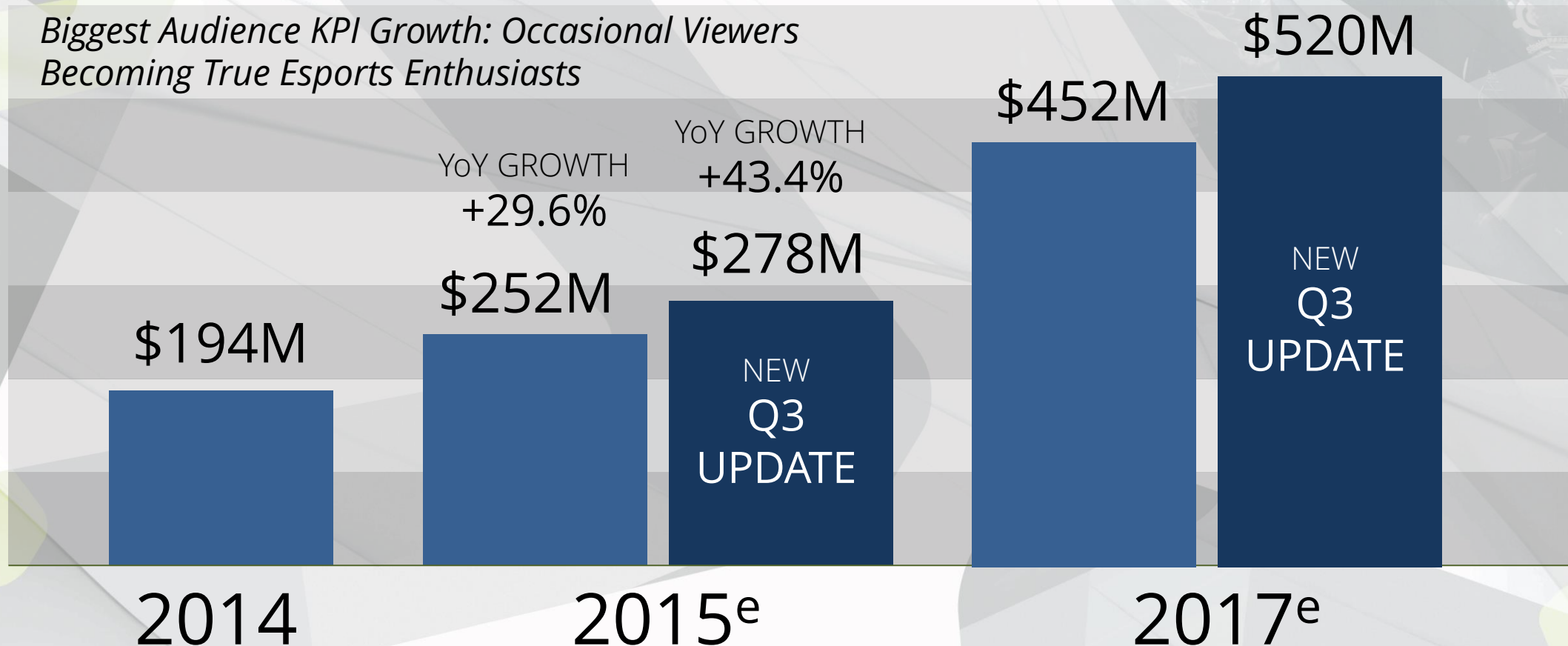
Total Population
That watch online video
120.7 Million



SNEAK PREVIEW ESPORTS QUARTERLY UPDATE

2014-2018 CAGR
+38.9%

*Biggest Audience KPI Growth: Occasional Viewers
Becoming True Esports Enthusiasts*



SOURCE: GLOBAL GROWTH OF ESPORTS REPORT PREMIUM | Q3 2015 UPDATE

IT IS EASY TO OVERESTIMATE THE MARKET



2009: Korea's Esports Scene Takes a Blow

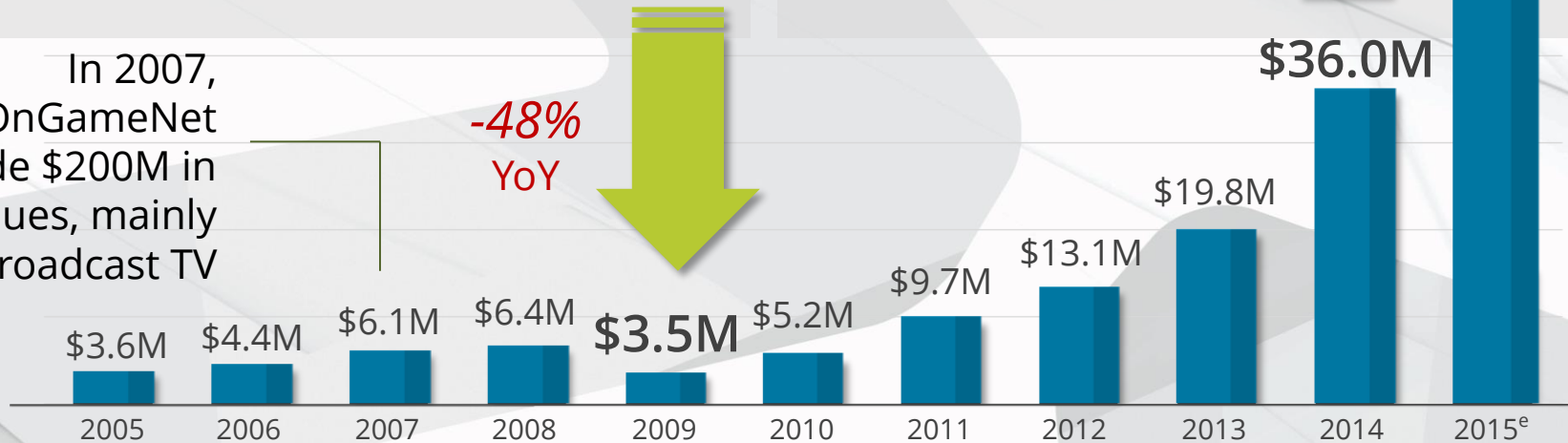
Legislations in South Korea implementing bans and curfews on gaming, a feud between the Korean Esports Association and Blizzard, and the falling popularity of Starcraft contributed to the dip in prize money in South Korea between 2008 and 2012. Since then, esports broadcaster MBC was discontinued and OnGameNet is a much smaller operation whose content is no longer broadcasted on TV



2014: US & China Lead

Korea has never fully recovered, rendering the US today's #1 in the accelerating esports market, with China close on its heels

In 2007, MBC Game and OnGameNet reportedly made \$200M in esports revenues, mainly through broadcast TV





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Betting & Fantasy Leagues

Where there is competition, there is betting...

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ESPORTS BETTING ALREADY HOT

EXAMPLES OF START-UPS AND TRADITIONAL FORCES JUMPING ON THIS GROWING NICHE

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Eilers Research estimates:
\$250 million now



Vulcun raises \$12M for fantasy e-sports tournament startup



This startup wants to turn your League of Legends' e-sports fandom into a business.



Above: Putting money on League of Legends could make the game even bigger.
Image Credit: AlphaDraft

January 16, 2015 2:30 PM Here's your new obsession: League of Legends daily fantasy sports.
Jeff Grubb

\$1 MILLION
WIN THE LARGEST PRIZE POOL IN FANTASY LEAGUE OF LEGENDS

- Win \$1,000,000 this 2015 LCS season by just picking your favorite players
- Used by Voyboy, Imaqtpie, mandatoryCloud & dozens of pro players
- US-based company in San Francisco. Legal & Reliable
- Daily contests with no season-long commitment
- Instant payouts as soon as contests end. Contests start at \$1

JOIN NOW
INVITE ONLY REQUEST INVITE

\$75,592 Paid out so far. View Details.



WIN MORE MONEY THAN THE PROS
Stop being a Spectator. Be part of the Action.



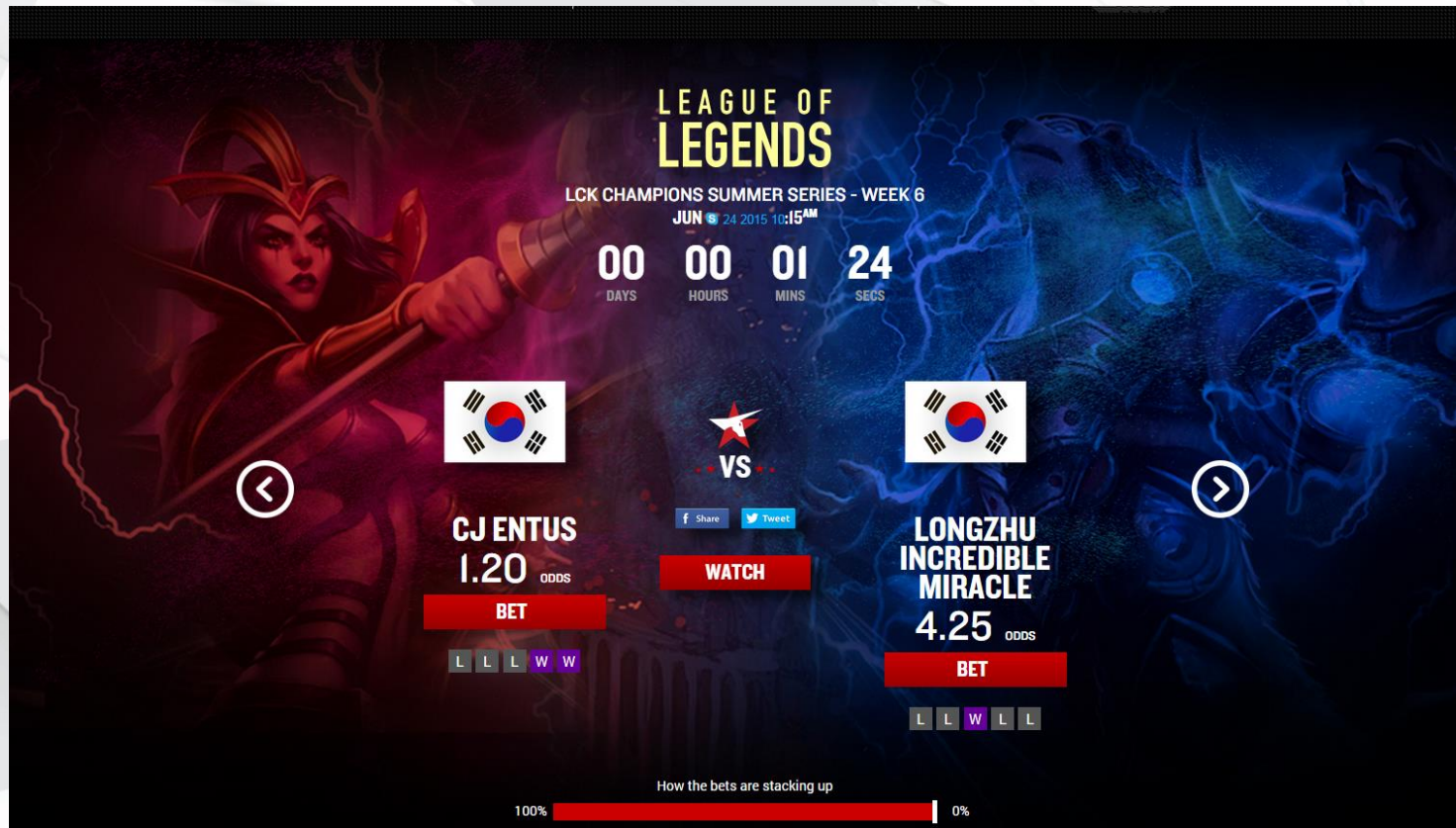
eSports is Pinnacle's
7th Biggest
market in terms of
volume, bigger than
Golf & Rugby

SPECIALIST STARTUPS ARISE: BETTING & FANTASY LEAGUES

*Eilers Research estimates:
\$23 billion (!?) in 2020.*



VULCUN



LEAGUE OF LEGENDS
LCK CHAMPIONS SUMMER SERIES - WEEK 6
JUN 24 2015 10:15 AM

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DAYS HOURS MINS SECS

VS

CJ ENTUS
1.20 ODDS
BET
L L L W W

WATCH

LONGZHU INCREDIBLE MIRACLE
4.25 ODDS
BET
L L W L L

How the bets are stacking up
100% 0%

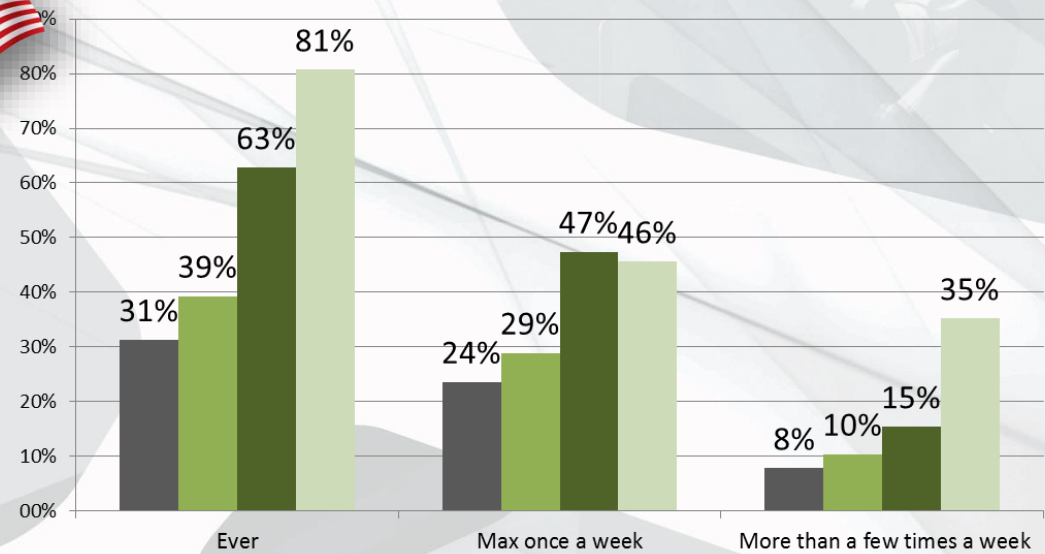
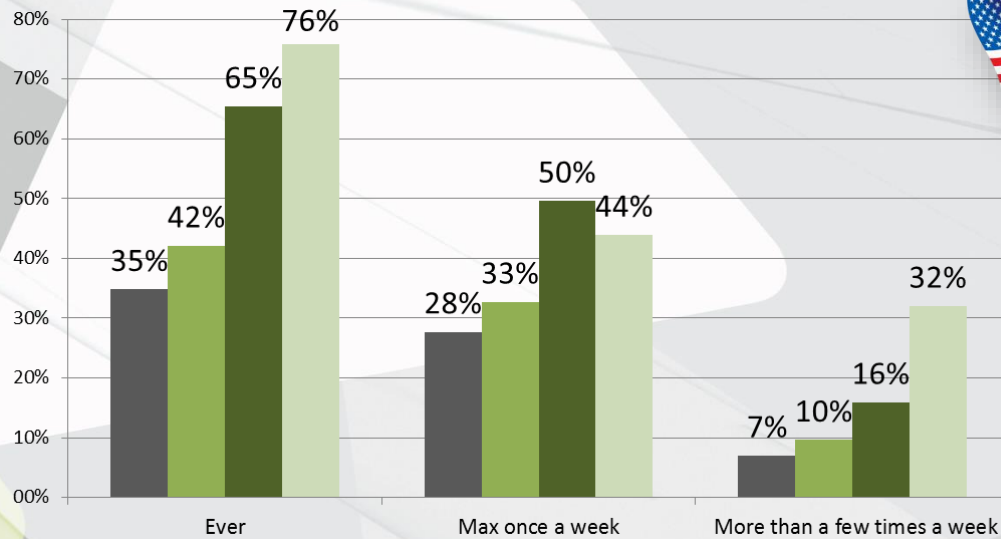
GOOD NEWS: ESPORTS ENTHUSIASTS LIKE A BET

PLAYING FOR REAL MONEY IN ONLINE CASINO'S | US | 2015

BETTING/WAGERING ON REAL-TIME EVENTS (E.G. HORSE/SPORTS) | US | 2015

© 2015 Newzoo | Source: Global Growth of Esports Report Premium

■ Online Population ■ Gamers ■ Occasional Esports Viewers ■ Esports Enthusiasts



33% Of Esports Enthusiasts Already is Your Client, vs 15% for Gamers and 8% for All.



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eSports Versus Sports

Does it make sense to compare?

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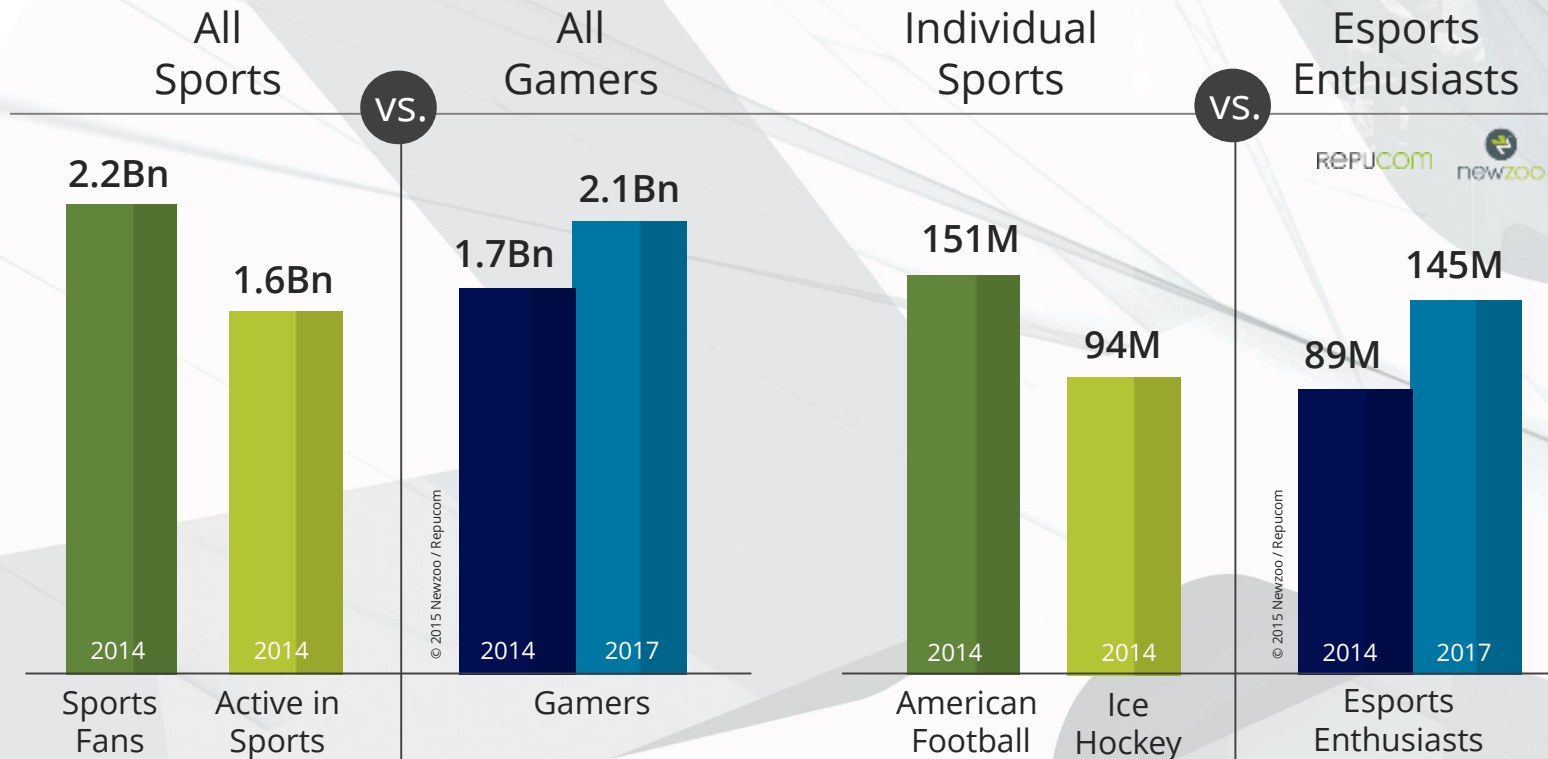
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SPORTS & GAMING AUDIENCES EQUAL

THE NUMBER OF GAMERS COMPARE WELL WITH SPORTS FANS, ESPORTS COMPARABLE IN SIZE AS INDIVIDUAL SPORTS

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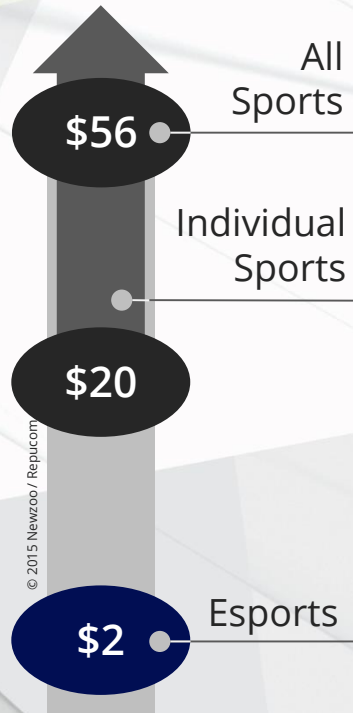


TOWARDS A \$1BN ESPORTS ECONOMY

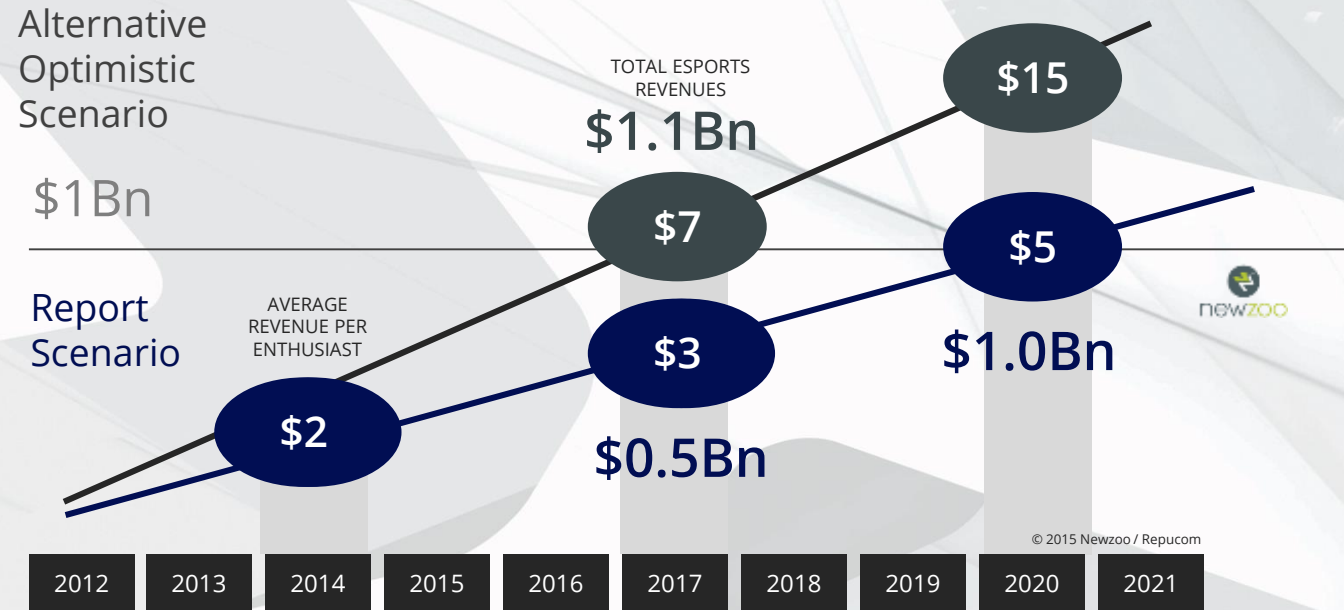
REVENUES PER ESPORTS FAN COMPARED TO THOSE OF SPORTS SHOWS POTENTIAL

© 2015 Newzoo | Source: Global Growth of Esports Report Premium

2014 Revenues/Fan Global Revenues Divided by Fans



Esports Growth Scenarios Based On Annual Revenue per Enthusiast





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eSports Pace of Growth

Overarching trends push esports to maturity

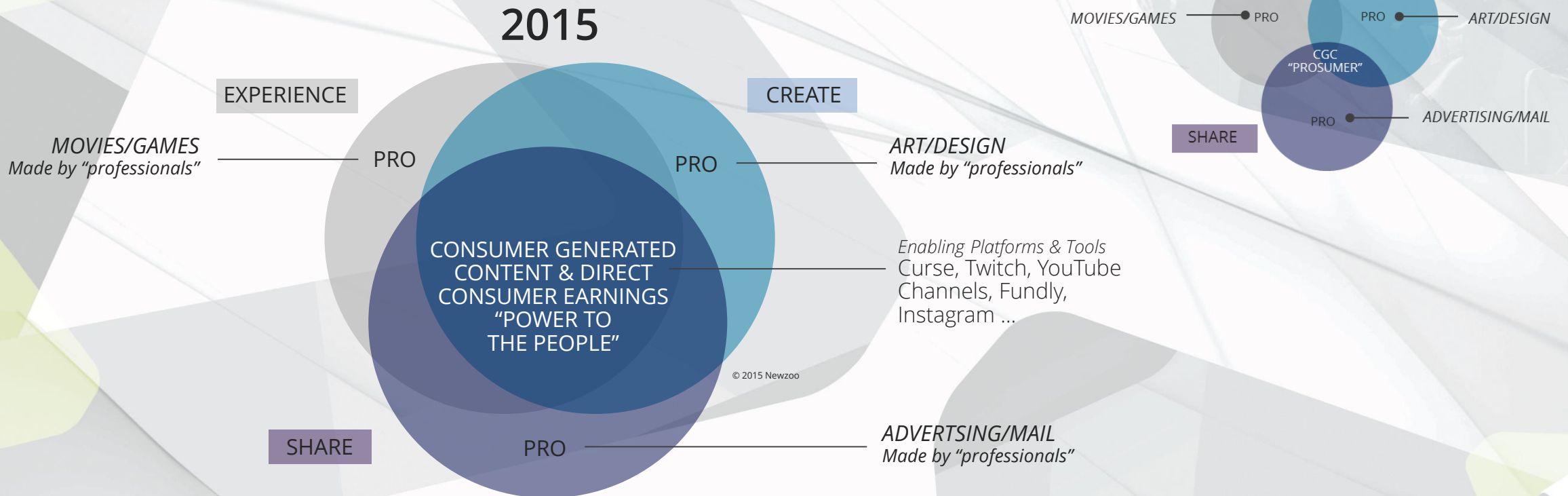
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ESPORTS FUELED BY HUGE CONSUMER TRENDS...

NEWZOO REPORTS
 "Power to the People" | "The Consumer As Producer"

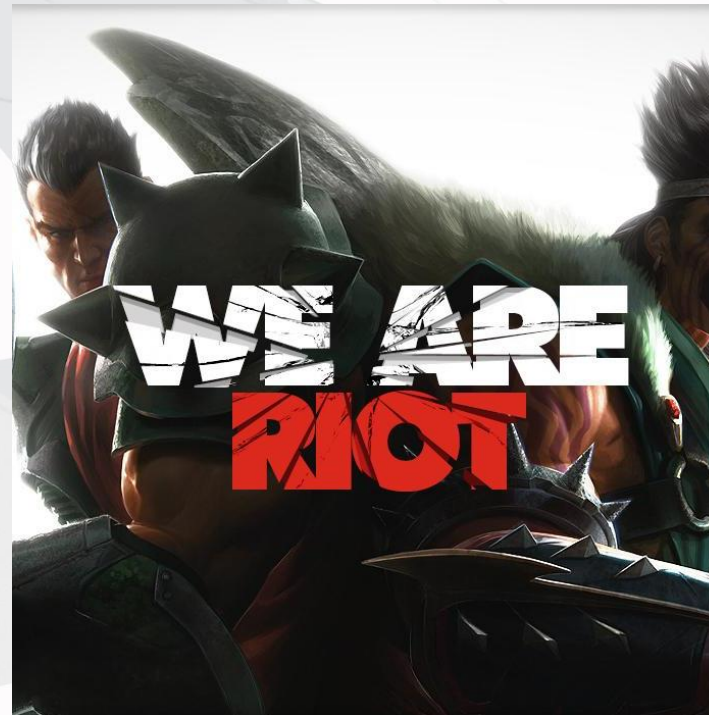


... AND MANY FACTORS DETERMINE PACE OF GROWTH

More Genres
& Geographic Depth



Competition Regulations
& Content Rights



Alignment of Traditional
& Digital Media



WHILE WE SORT THIS ALL OUT....

15TH OF JULY 2015
\$20,000 PRIZE MONEY



10TH OF AUGUST 2015
\$26,000,000 IN FUNDING



SUPER EVIL
MEGACORP



YOU CAN COUNT ON US TO KEEP TRACK.



Emily Souza
Client Director
emily@newzoo.com



The Global Growth of eSports Trends, revenues and audience towards 2017

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V.0.9 | DECEMBER 2014



FULL 68-PAGE REPORT AVAILABLE NOW. PREMIUM SERVICE INCLUDES QUARTERLY UPDATES. NEXT UPDATE: 15 SEPTEMBER



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