

Esports & Media Convergence

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Sports Business Models

Under pressure: overview of pressure drivers

Pay TV

Cord-cutting, changing viewing habits, sports rights funding all exerting pressure. Content owners moving to direct-to-consumer models are reallocating resources to this transition, rationalizing legacy (e.g., ESPN and NBCU)

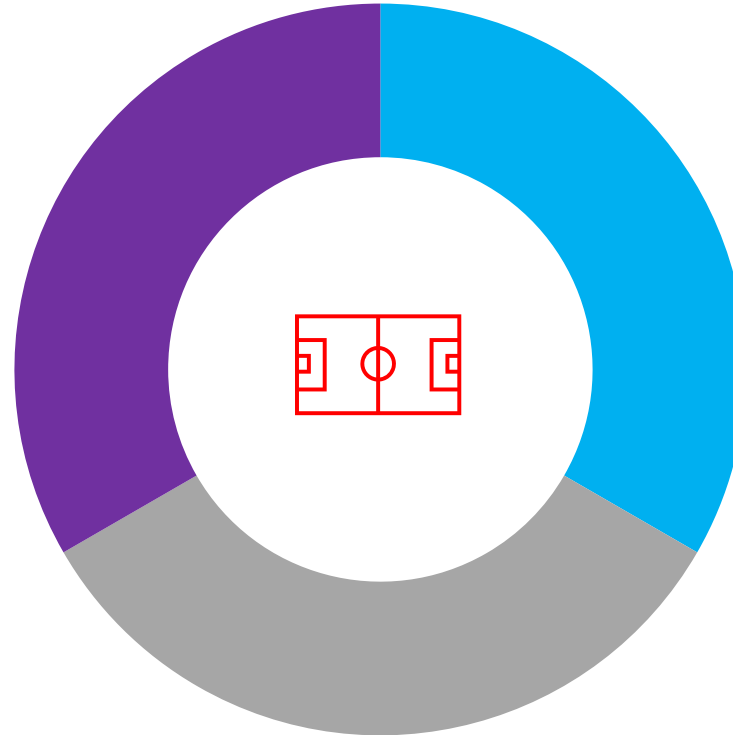
Advertising

Revenues significantly down in H1 2020 though sports remain a unique way to reach audiences for advertisers. Revenues slightly recovered in H2 2020 though sports ratings continue to be down – ESPN advertising bounced back in Q4

Public

Public funding models are under pressure due to the impact of the direct-to-consumer transition. Delphine Ernotte, CEO of France Televisions and EBU president said to the FT in January 2021: “We feel weak. But it is better to feel weak. If you feel weak, you react”

COVID-19



Direct-to-Consumer

Financial Pressure

Changing Viewing Habits

Sources: IABM, FT

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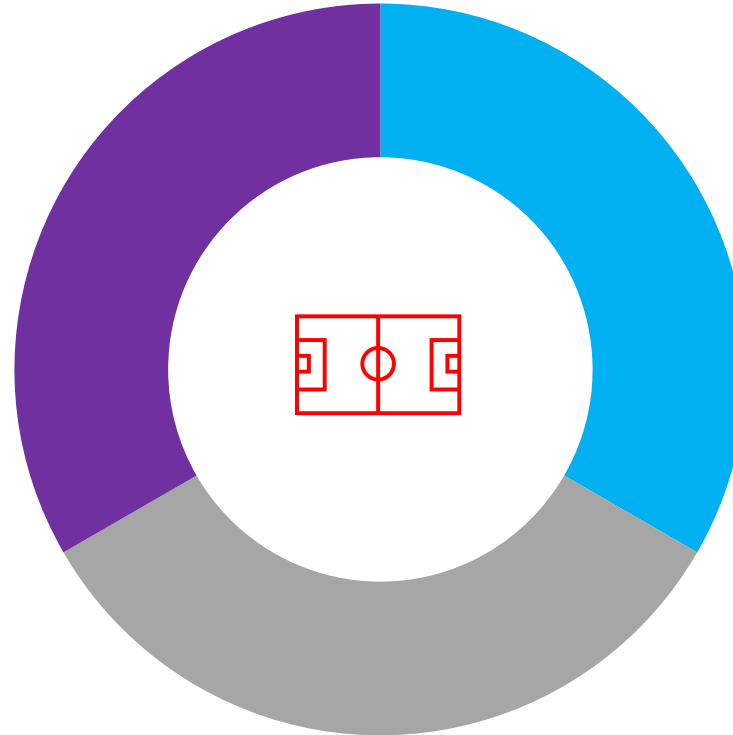
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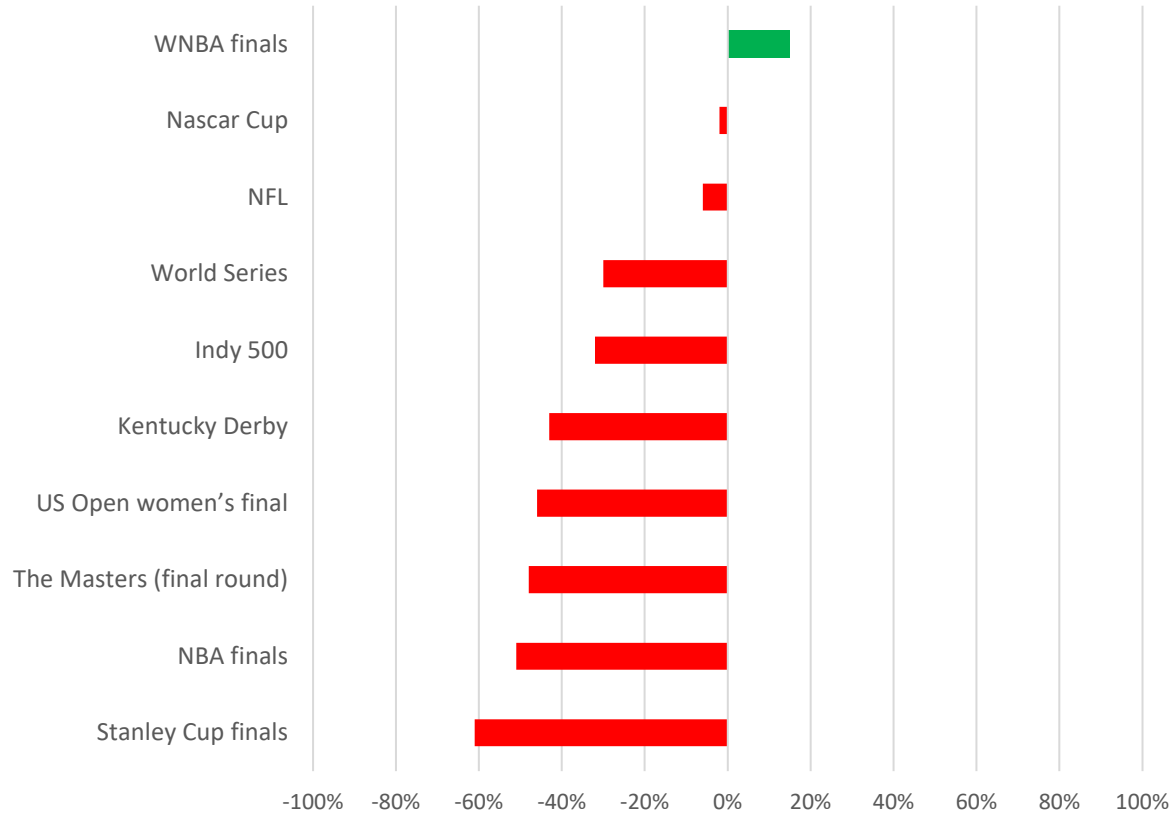
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Sports Viewing Habits

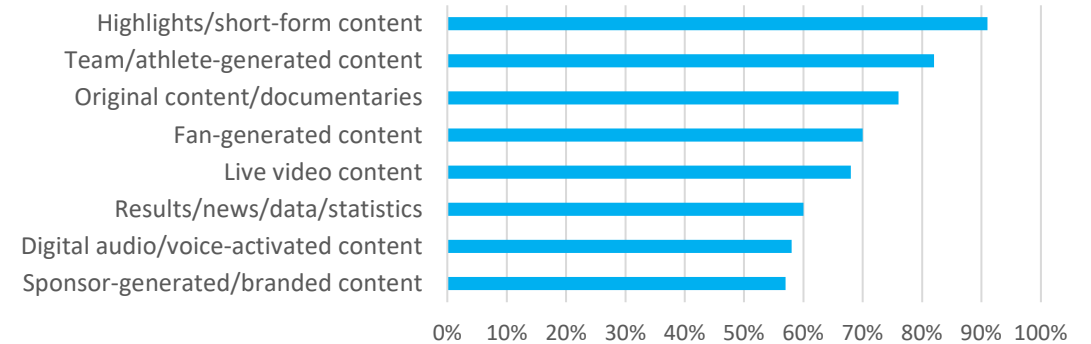
Changing Viewers: generational shift



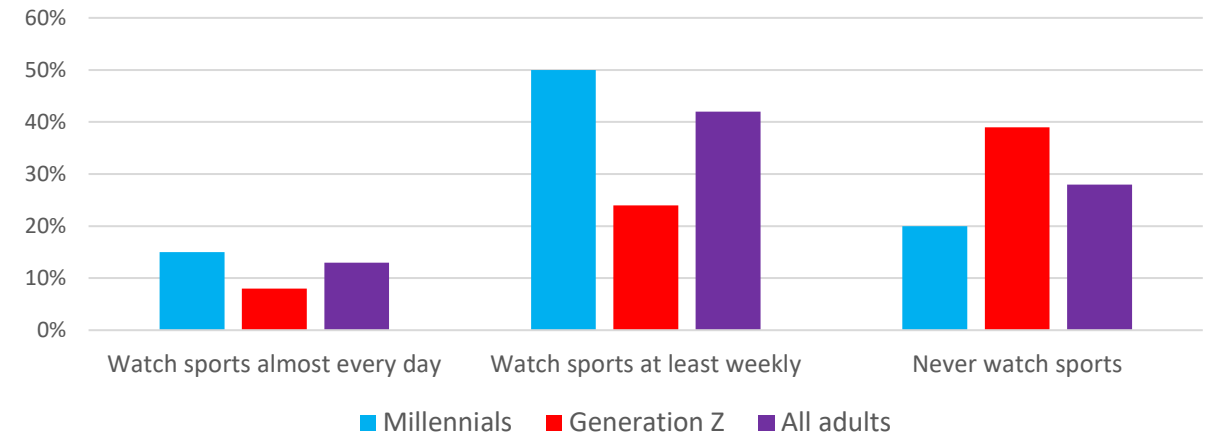
TV ratings for major US sports
(% difference between 2020 and 2019)



Expected growth of sports media consumption



Frequency of watching live sports in the US by generation



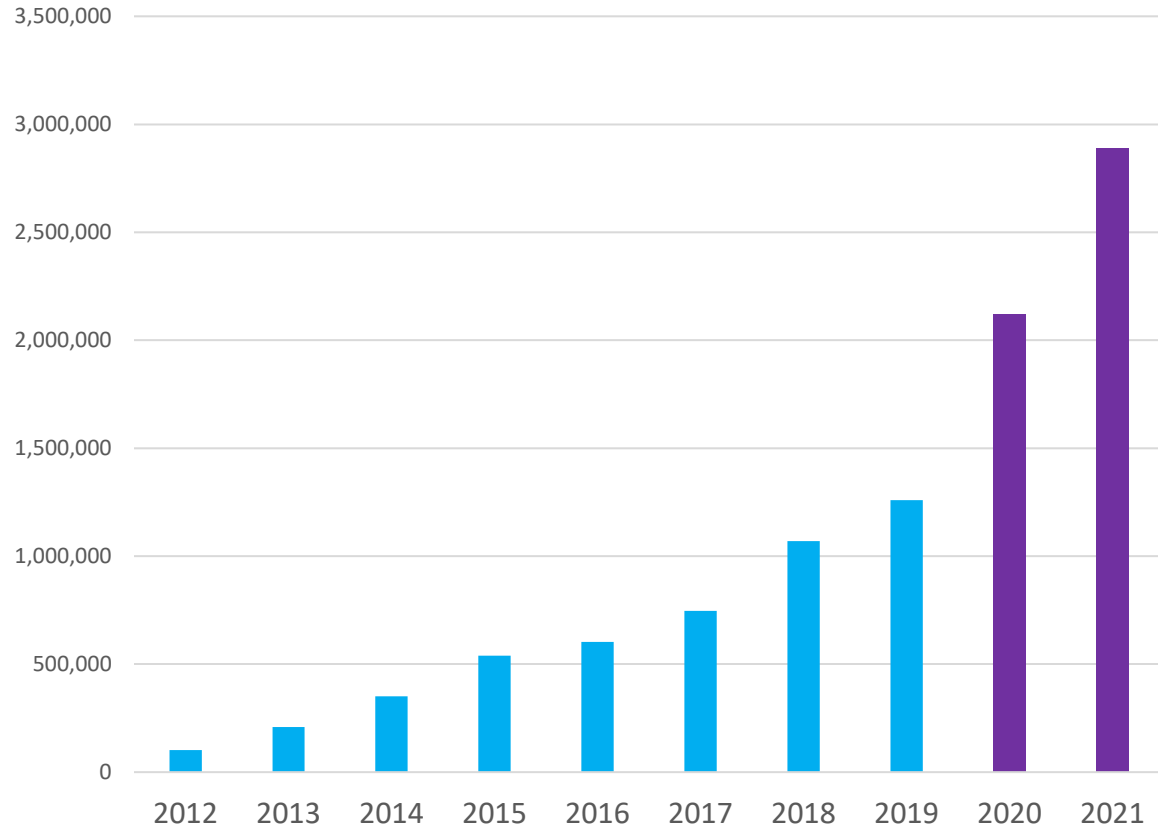
Sources: IABM, Sports Media Watch, Morning Consult

Sports Viewing Habits

Changing Viewers: new platforms



Average concurrent Twitch viewers (in thousands)



Sources: IABM, Twitch Tracker

Social, interactivity, convergence...

More sports broadcasters delivering content packages to Twitch and social media platforms

More sports broadcasters designing interactive experiences, **59%** plan to increase investment in Consume

Social and interactivity are also driving a convergence in business models

Sports Business Models

Convergence: social and interactivity driving convergence (and differentiation)



FuboTV acquires Vigtory in January 2021

*"We believe **online sports wagering** is a highly **complementary business to** our sports-first live TV **streaming** platform. We do not see wagering as simply an add-on product to FuboTV. Instead, we believe there is a real **flywheel opportunity with streaming video content and interactivity**. We not only expect sports wagering to become a new line of business and source of revenue, but we also expect that it **will increase user engagement on FuboTV resulting in higher ad monetization, better subscriber retention** and reduced subscriber acquisition costs."*

David Gandler
Co-founder and CEO
FuboTV
(January 2021)

Sinclair presenting at Media, Internet & Telco Conference

*"We are going to be jointly [with Bally Sports] developing additional programming, which is going to go on our air, which will support and be reasons not only for people to tune in but **also to engage more on the sports betting platforms**. The other thing that we'll work on is a **watch-and-play experience**. So that's not ready yet, but that is on the drawing board between us and Bally to create a next-generation watch-and-play experience that is going to revolutionize the **way people watch sports today** and really **make it much more like playing a video game**."*

Christopher S. Ripley
President and CEO
Sinclair Broadcast Group
(March 2021)

And Fox Bet...



SPORTSBOOK

Sources: IABM, FuboTV, Sinclair Broadcast Group, Fox

Sports Business Models

Convergence: 3 facets of differentiation



3 Facets of Differentiation

Live a means to differentiate from crowded D2C on-demand content market

Direct-to-Consumer

Differentiation of revenue streams through convergence for financial transition

Financial Pressure

Differentiation of experiences through convergence for fan engagement

Changing Viewing Habits

“Diversifying our revenue and cash flow remains a strategic priority, and we believe our 2020 results demonstrate the complementary nature of our radio business with our digital and Esports operation.”

Barbara Caroline Beasley
CEO and Director
Beasley Broadcast Group
(February 2021)

Sources: IABM

Esports

Esports: an element of wider convergence in sports

Convergence: all is connected (even tech)

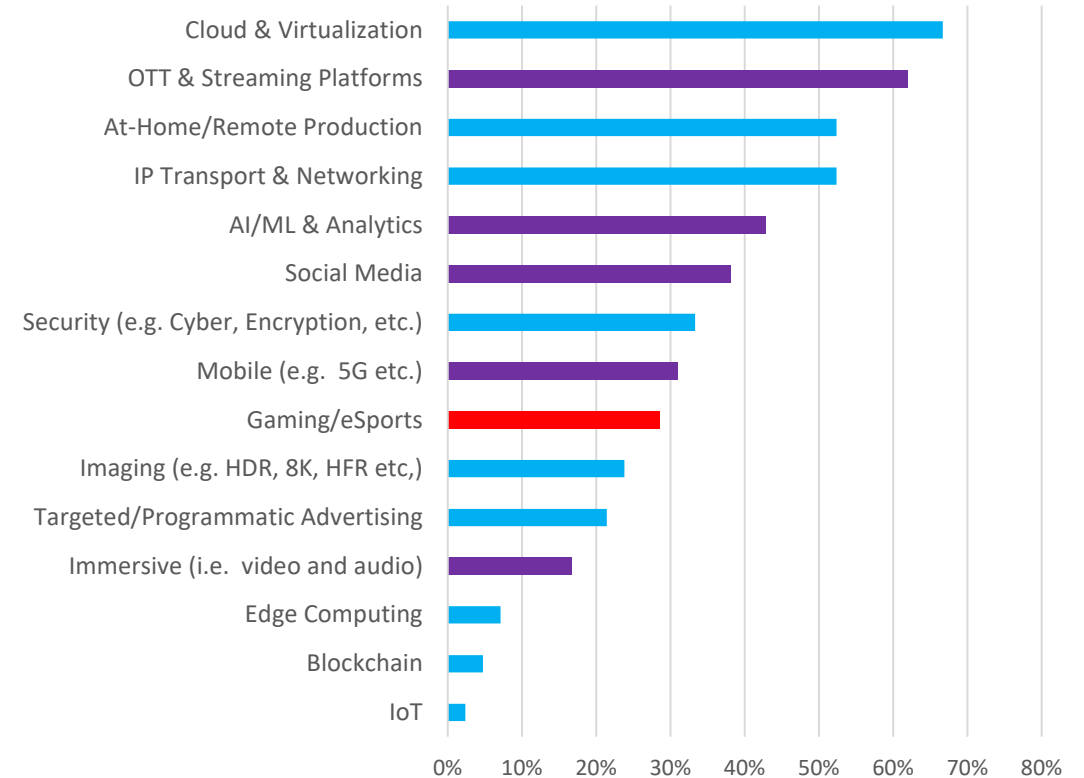
Gaming Interactivity
Betting Esports Data
Social Media Fan Engagement
Immersive

Another example: In Nov. 2020 Entercom acquired the QL Gaming Group
“a rapidly emerging sports betting data and predictive analytics platform”

Sources: IABM, Word cloud above is only illustrative



Technology roadmap for Sports Media Companies

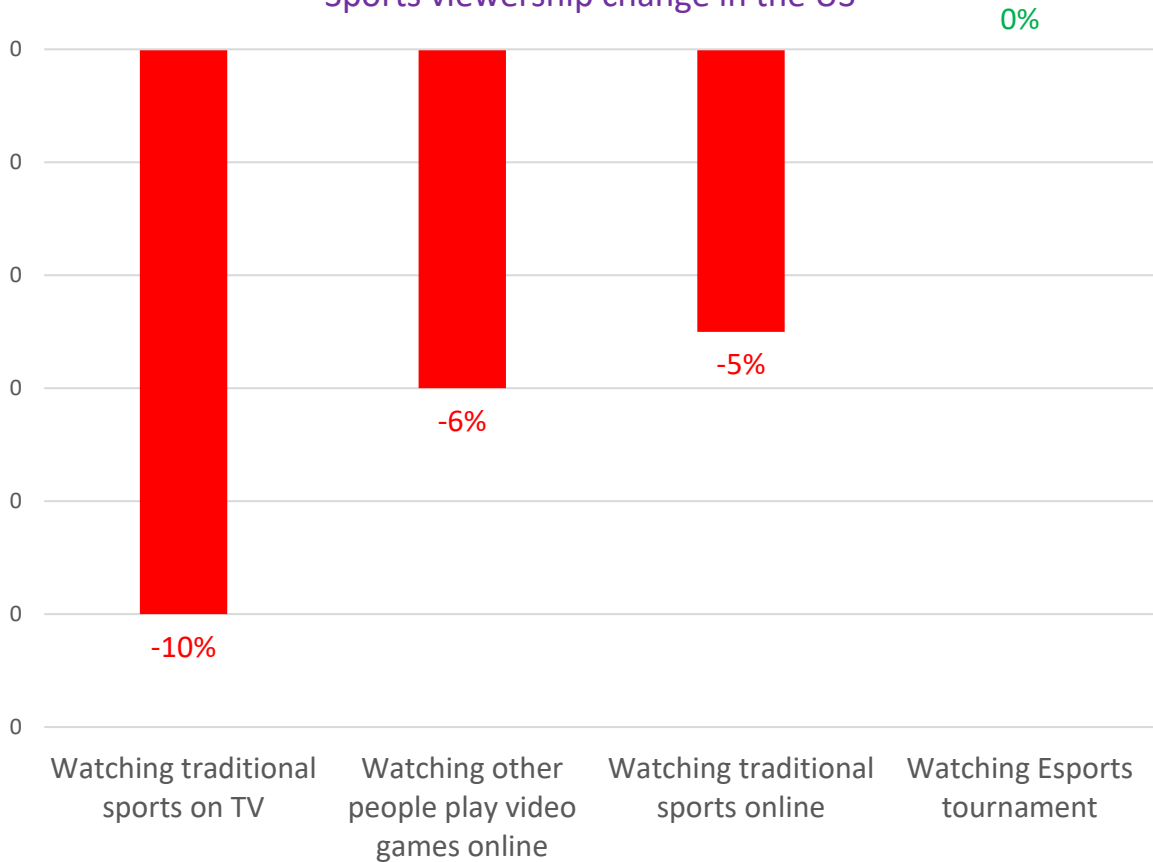


Esports

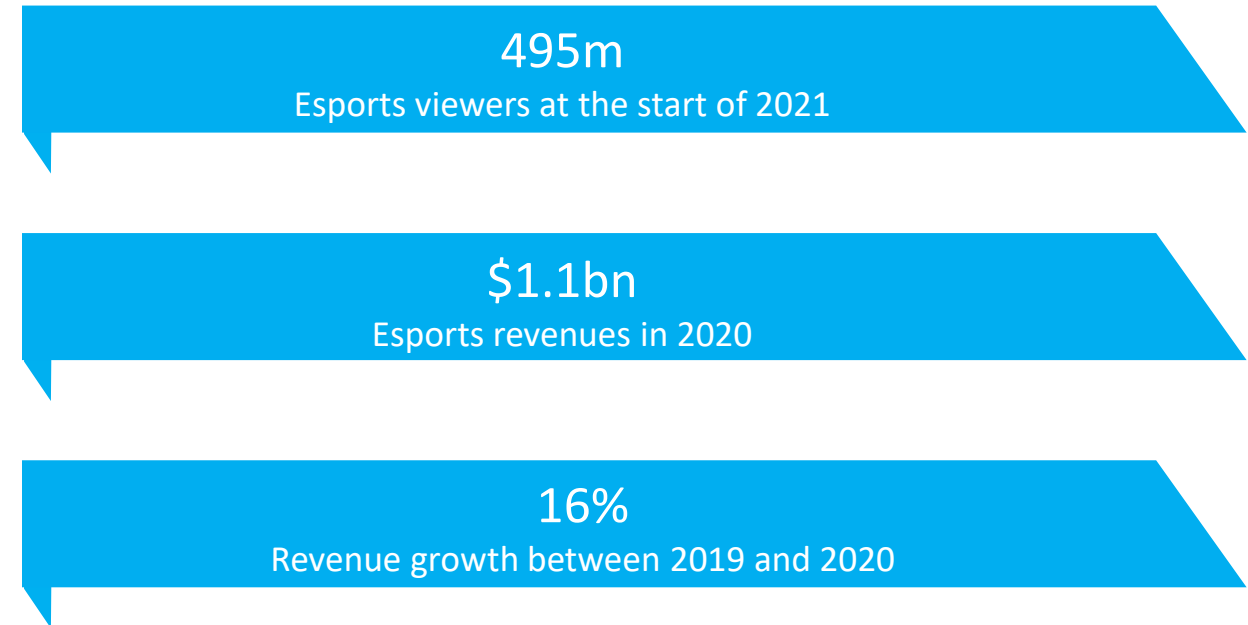
Esports: growth/resilience stats



Sports viewership change in the US



Esports in Numbers



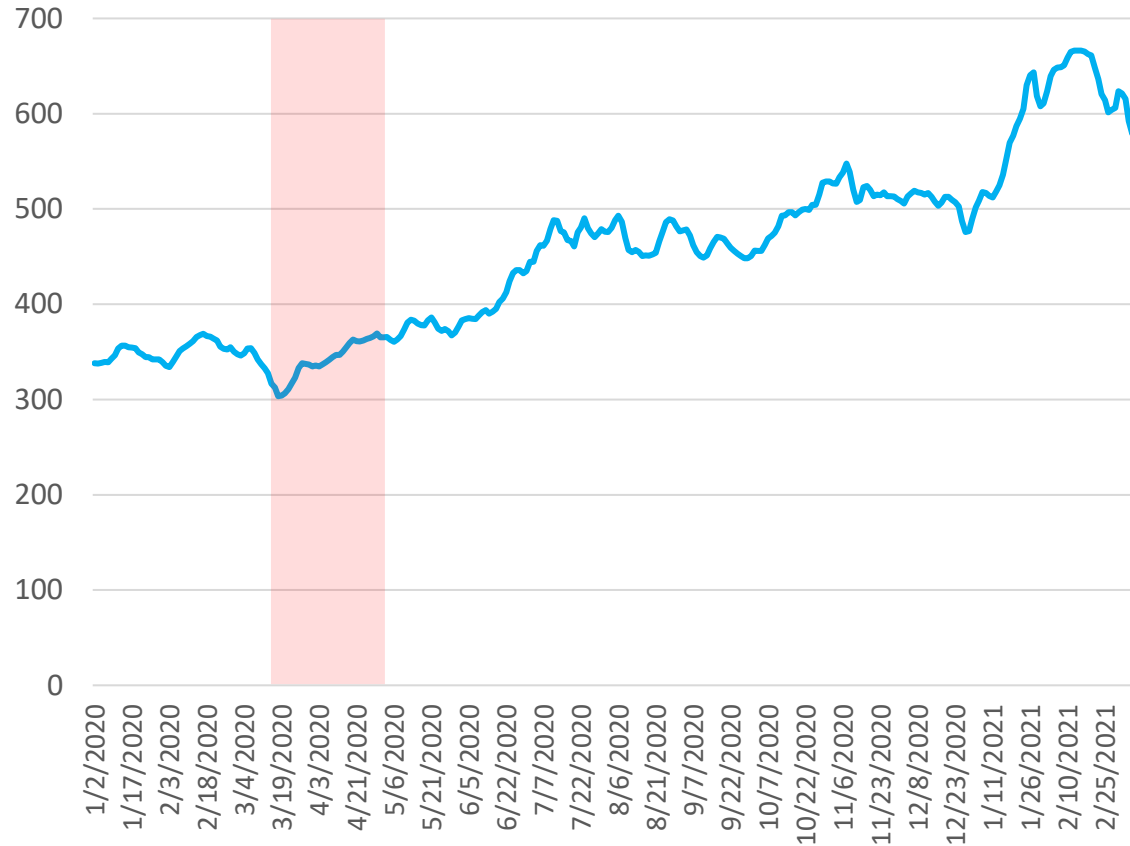
Sources: IABM, Limelight, Newzoo, Syracuse University

Esports

Esports: growth/resilience stats & major trends



Esports/Gaming - Weighted Stock Index



Sources: IABM

Esports – major trends

Esports betting is growing significantly, underscoring the convergence happening in media and entertainment

Some Esports/Gaming organizations are also moving to DTC models as sports broadcasters

Mobile and immersive technologies considered as growth technical growth drivers in the sector

Mobile push: In Feb. 2021 EA acquired Glu Mobile Group “a **global developer and publisher of mobile games**”

Esports

Esports: COVID-19 impact on tech demand – cloud & remote



Blizzard moves to cloud-based remote production

“We are **now 100% in the cloud**; there is **no physical infrastructure** whatsoever in terms of switchers or audio consoles. The **only physical hardware is** people’s **computers, cameras, microphones, and a comms panel**.

Other than that, there’s absolutely no physical infrastructure required.”

Pete Emminger
VP, global broadcast
Activision Blizzard Esports
(April 2020)

Riot Games moves to cloud-based remote workflows

“We’ve been leveraging **cloud-based workflows heavily for several years**, but this unfortunate situation certainly accelerated our plans quickly. The big-iron equipment that’s in our data center obviously isn’t very helpful when you can’t bring your people to it. So, we knew we **had to come up with an alternative remote workflow**.”

Scott Adametz
Esports Technology Group Lead
Riot Games
(March 2020)

Sources: IABM, SVG

Esports

Esports: media tech demand; mapping supply chain convergence



Create



Produce



Manage



Publish



Monetize



Consume



Store



Connect



Support

Three segments join all of the others together

Esports organizations/media companies to continue refining its remote cloud-based workflows

Esports organizations/media companies to focus on cloud-based content access, agnostic platform distribution, mobile experiences, data analytics, CX etc.

Esports organizations/media companies to focus on cloud-based storage, IP connectivity and cloud compute

Sources: IABM

THANK YOU!!!

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