

The rise of e-sports

What's in it for you?

What is e-sports?
E-sports is a multiplayer video game played competitively, usually by professional gamers.



Government

- Develop infrastructure (IT, venues, etc.)
- Build national team
- Build e-sports venues
- Promote e-sports tourism
- Grant incentives to other stakeholders
- Revenues from tax and licence fees
- Tournament hosting license fees
- Economic growth
- Improve general city perception
- ▲ Urban masterplan design for e-sports infrastructure
- ▲ Infrastructure financing
- ▲ Advising on revenue sharing and events & facilities management



Players

- Participate in competitions (individual or team)
- Entertain viewers
- Enhance sponsors' brand value and exposure
- Prizes from competitions
- Salaries from game developers
- Support from local government
- Perks from sponsors
- Channel subscription fees
- Donation from fans
- ▲ Advising on participation arrangements with players (e.g. facilitating team formation, employment arrangements, etc.)
- ▲ Personal tax services



Sponsors

- Sponsor professional players, leagues and tournaments
- Enhanced brand reputation through sponsorship
- ▲ Data analytics for campaign effectiveness
- ▲ Advising on advertising, sponsorship and merchandise arrangements, including endorsement and appearance agreements



Bookmakers

- Legitimise e-sports in betting markets
- Accept and pay off bets on e-sports
- Sponsor players
- Gamblers' betting money
- ▲ Design and development of online betting systems for young/digital-savvy audience
- ▲ Provision of e-sports analytics to better calculate betting odds
- ▲ Advising on regulations applicable to bookmaking and betting activities



Organisers

- Create and manage leagues and tournaments
- Serve as marketing medium for sponsoring brands
- Corporate sponsorships and government subsidies
- Merchandise and ticket sales
- Hosting fees from game developers and distributors
- ▲ Assurance reports
- ▲ Leveraging PwC's 'Experience Centre' to create an unparalleled viewer experience
- ▲ Tax advisory for operators in multiple territories
- ▲ Advice in relation to government regulations for tournament organisation
- ▲ Advising on IT acquisitions, general commercial procurement and supply chain arrangements



Media/Broadcasters

- Provide platforms to watch e-sports competitions
- Create and organise own e-sports competitions
- Advertising fees
- Viewer subscription fees
- ▲ Customer analytics to identify optimal television broadcast schedule to maximise no. of viewers
- ▲ Tax considerations for new business models in evolving tax environment
- ▲ Advising on media and broadcasting matters



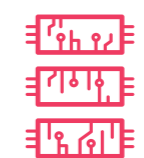
Developers/Publishers

- Develop and publish games
- Grant licenses to distributors and organisers
- Sales of gaming content
- ▲ Monetisation strategy and path to profitability
- ▲ Merger and acquisition / vertical integration advice
- ▲ Advising on IP development, assignment, licensing and commercialisation arrangements



Others (e.g. distributors, manufacturers, etc.)

- Distribute gaming content through digital or hardware
- Manufacture gaming equipment
- Operate e-sports-themed establishments (e.g. cafes, restaurants, shops etc.)
- Sale of gaming products and equipment
- ▲ Monetisation and distribution strategy
- ▲ Customer analysis to capitalise on market preferences
- ▲ Advising on consumer law regulations between gaming companies and participants



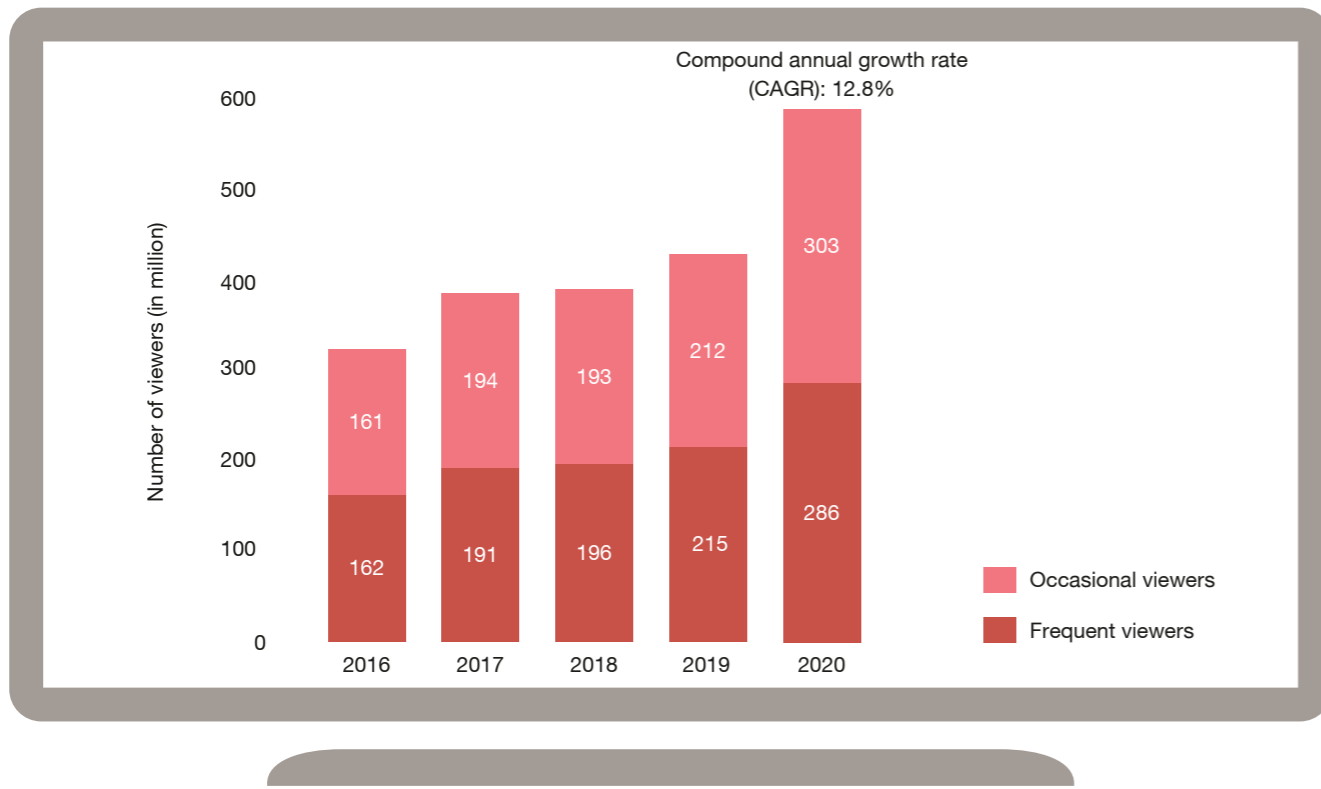
Corporate social responsibility

- Investments into infrastructure and pioneering technologies to grow the e-sports industry and country's economy
- Encourage responsible gaming and civil online behaviour
- Prevent and discourage underage population from gambling
- Assess and limit environmental impact of e-sports events (e.g. pollution, energy-efficient venues etc.)
- Advising on investment, collaboration and alliance arrangements to foster technology innovation and infrastructure



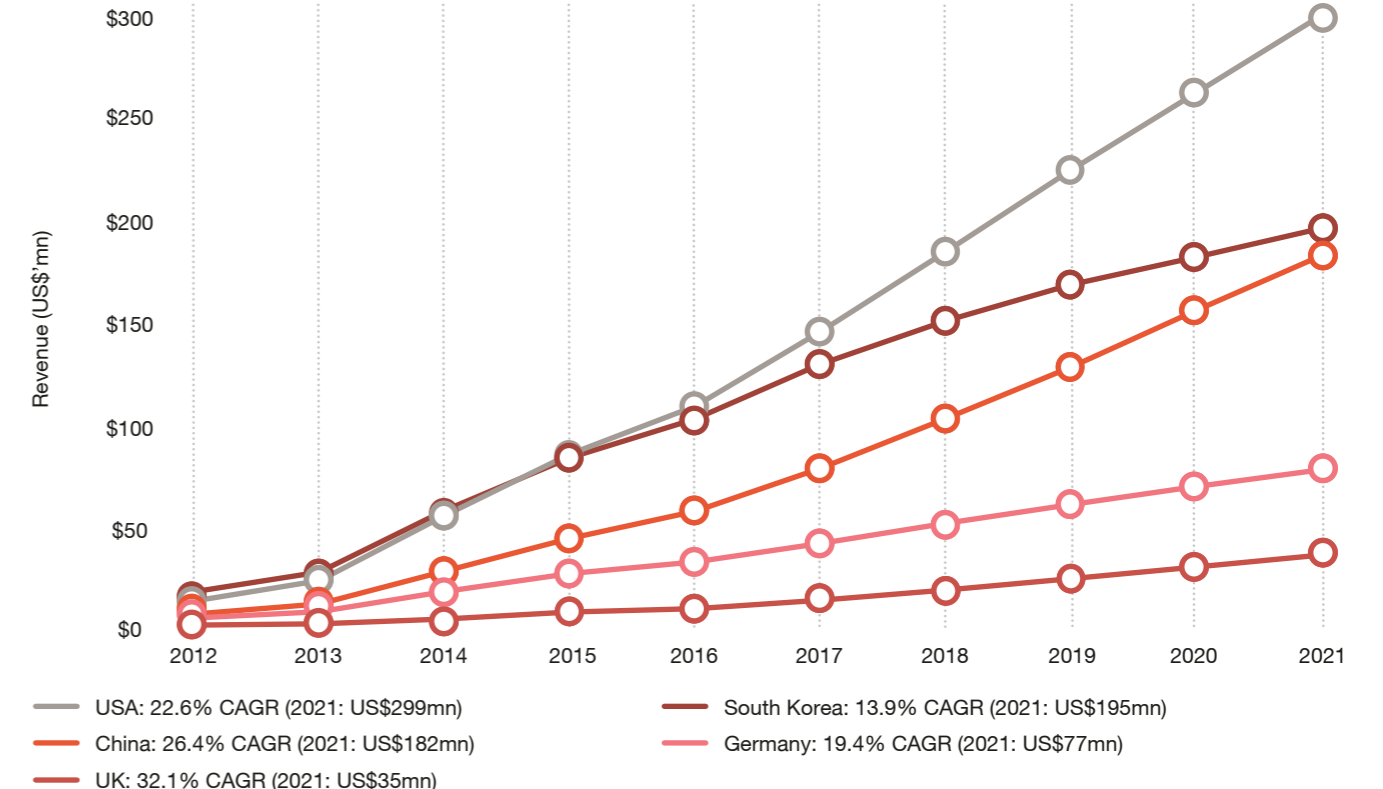
● Role of stakeholder
■ Revenue streams and benefits
▲ How Tiang & Partners / PwC can help

E-sports size of viewers worldwide from 2016 to 2020



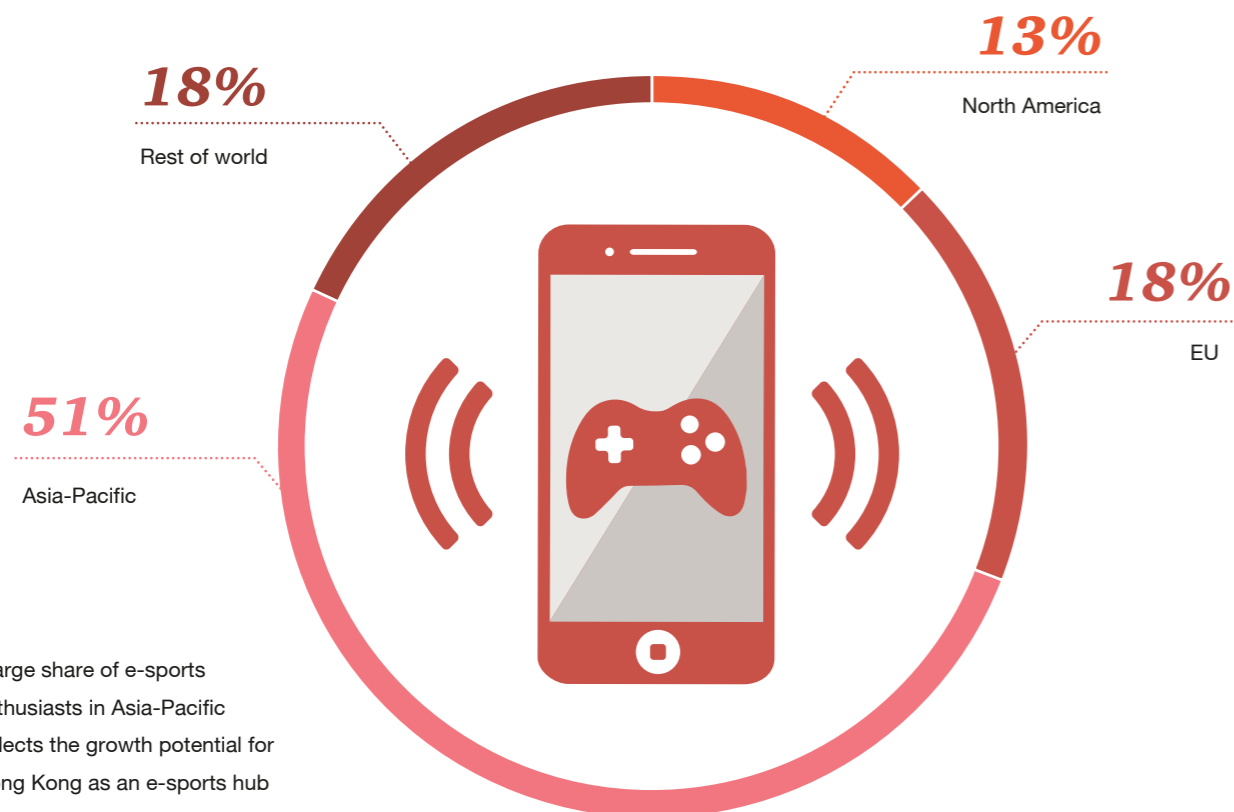
Source: PwC Global Entertainment and Media Outlook 2017 – 2021

E-sports market size and projection (in million)



Source: PwC Global Entertainment and Media Outlook 2017 – 2021

E-sports market size and projection 2016 to 2021



*Large share of e-sports enthusiasts in Asia-Pacific reflects the growth potential for Hong Kong as an e-sports hub

Source: Newzoo, 2017 E-Sports Market Report

Let's talk



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