

Beyond the Match: Is E-Sports a Sport or Business?

As travel halted last year and screen time increased, e-sports took a front seat and accelerated in popularity. In a special conversation with clients, Olivia Xia, executive director of the Investment Strategy Group at Goldman Sachs, joined a panel of experts to discuss the current landscape and where the industry is headed.

“E-sports” is a universally known term, but many people group it together with online gaming. Though it originates from the gaming industry, the e-sports business model is more similar to established sports leagues, like the NBA, and its format is closer to the Olympic Games.

“E-sports is more like a competition,” Samuel Shen, senior partner at Seeinfront Capital, said. “We’re trying to borrow experiences from conventional sports leagues, from the brick-and-mortar world, to create e-sports.” Seeinfront Capital is a private equity firm with a focus on the pan-entertainment sector. The firm’s full subsidiary, QGhappy E-sport Team, has won 15 games in a row and is the champion of five major events in the King Pro League (KPL).

E-sports started in Korea and quickly expanded to China where there was growing access to high-speed internet. Popularity accelerated even further when League of Legends (LoL), a multiplayer online battle arena, launched in 2009.



According to Ray, this is when Tencent E-sports began to explore what more they could do in the area of e-sports. “Right now, China has a user base of over 400 million participating in e-sports. Through developing tools and establishing industry standards, Tencent E-sports is exploring opportunities to empower more social groups to join or host E-sports games,” Ray said.

Capital plays an essential role in the development of e-sports. The E-sports world was previously funded by sponsors, but now, the industry also sees collaborations with companies like Comcast Xfinity and Intel.

Both Ray and Samuel view it as a good thing that e-sports now partners with major companies. It helps to drive the development of e-sports forward with large investments to organize leagues and competitions.

E-sports continues to grow in popularity today, due in part to the COVID-19 pandemic. The Tencent E-sports team, which hosts several e-sports events with physical venues, was initially nervous. Most of their club activities and games were suspended because they were organized offline, impacting property owners as well as sponsors. They were facing the same challenges as traditional sports leagues.

However, Tencent E-sports was able to quickly adapt quickly because they could migrate all their events to online. The pandemic also opened doors to virtual

technology. They started using augmented reality (AR), virtual reality (VR) and extended reality (XR) to maximize the audience experience from home, making it even better than watching the games offline.

“Active daily users increased, and there were more viewers online to watch e-sports games,” Samuel said. “Covid was a very negative thing, but it also made e-sports more prevalent in peoples’ daily lives. Previously they may have not watched them, but now we’re able to expand the size of our followers.”

The pandemic presented a challenge that e-sports took head on and turned into an opportunity. In the process the online competitions gained many new fans that might just become lifelong followers.

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