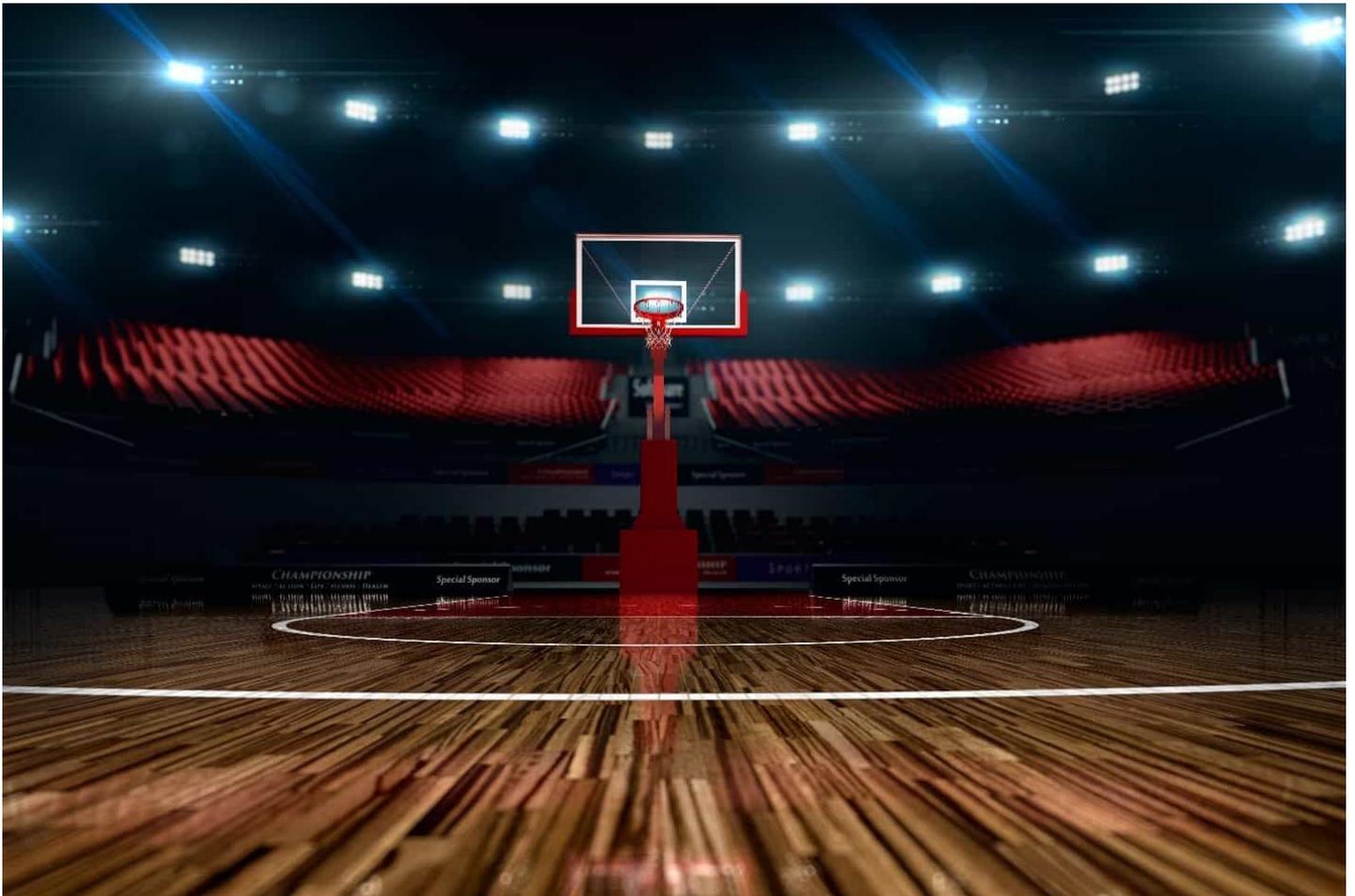




COVID-19, Esports, and Gaming



COVID-19 flew under the radar of many Americans until the National Basketball Association (NBA) took the incredible step of suspending the remainder of its season on March 11th. In just one short week, virtually every major sports league has followed suit. The National Collegiate Athletic Association (NCAA) cancelled its annual March Madness tournament after a number of Power Five conferences pre-emptively cancelled their own tournaments. The National Hockey League (NHL) would quickly follow suit, suspending the remainder of its season as well. Major League Baseball (MLB) has suspended spring training and delayed the start of the regular season. Global soccer leagues are reeling as well, with many marquee leagues in Europe suspended in light of COVID-19's severe impact on the region.

That said, the adversity facing conventional stick and ball sports (both at the professional and amateur levels) offers a unique opportunity to catch a glimpse into what the world of esports may look like in the future as it continues the march toward mass adoption. In a

world starved for competitive content, Esports offers many individuals a way to simultaneously fill the void left in their day-to-day activities by the suspension of conventional sports leagues, as well as a much needed escape from the near constant cycle of negative news that can levy a serious emotional toll on those who are overexposed. However, even esports are not immune to the impact of COVID-19. Riot Games' League of Legends professional leagues in Korea (the LCK), Europe (the LEC), and the US (the LCS) have all shuttered over recent weeks, with its Chinese league (the LPL) operating via an online-only functionality. While the LCK, LEC, and LCS all plan to adopt an online format as early as this week in an effort to continue to move forward with their seasons, this approach is not as straightforward as some may imagine. Concerns around scripting software, lack of control over equipment performance, and the potential for latency issues are something the average player deals with on a regular basis but could result in drastically different outcomes at the professional level where much more is at stake.

A number of Esports leagues have also begun to launch home and away series where, rather than games for the league being hosted in one or two centralized locations, each team would have a home city in which they would play a number of matches over the course of the season while traveling to others (similar to conventional sports). The rationale behind this approach was to establish regional fanbases in an effort to expand the presence of the leagues beyond that of the core gamer or esports fan. Publisher Activision-Blizzard heavily leaned into this approach, launching home-and-away series for the 2020 season of both Overwatch and its newly revamped Call of Duty league. While both games have a history of online play, the cancellation of co-located home and away matches will undoubtedly be a disappointment to all stakeholders.

Major international competitions for certain leagues will also undoubtedly fall victim to the impact of COVID-19, as uncertainty around travel bans and a concern for the safety of players and fans will undoubtedly cause many publishers and leagues to rethink holding grand, in-real-life tournaments like those seen in the past few years (of particular interest will be Riot Games plan for its 10th World Championship tournament, which is

scheduled to be held in Shanghai, China in the fall). Titles that rely on a handful of large, international events for a greater proportion of their overall viewership and fan exposure are likely to suffer the most.

While there remains much uncertainty around how COVID-19 will impact the world of esports, there is considerably more evidence that it will be a boon for the general gaming and streaming ecosystems. As a greater number of individuals are advised to pursue social distancing (or in more extreme cases, are subject to shelter-in-place or quarantine orders), gaming offers a way for friends to socialize and stay connected. In particular, the proliferation of streaming services offers individuals a multitude of opportunities to engage with others in a community setting – even when separated by thousands of miles. Streaming also offers an opportunity for professional, conventional athletes to remain engaged with their fanbases on a platform that many are already familiar with. The explosion of Fortnite in 2018 led to many headlines involving stick-and-ball athletes missing early morning practices or taking liberties with the jumbotron or clubhouse TVs to get some play time in. The ability to jump back into a gaming-first mentality will undoubtedly endear many professional athletes to their fans, as well as aid with the cabin fever that ultra-competitive individuals are undoubtedly feeling at a time like this.



The positive exposure of athletes streaming is not just a benefit for them – the leagues they play for can reap the rewards as well, as it helps to keep them relevant in what would have been a complete blackout period as little as a decade ago. The popularity and ubiquity of streaming platforms and online gameplay also paves the way for some truly incredibly crossover opportunities, the likes of which would never before have been possible. Just this past Sunday, March 15th, Veloce Esports hosted **“Not the AUS GP”** following the cancellation of the Formula One Australian Grand Prix. In collaboration with Formula One, Veloce Esports hosted a race within Codemasters F1 2019 title. The race occurred at Albert Park, the same track as the physical Australian GP was set to run at, and included Formula One driver Lando Norris, Formula E driver Stoffel Vandoorne, and Real Madrid goalkeeper Thibaut Courtois competing alongside some of Veloce Esports own racing simulator talent. The event proved to be a huge success, reaching 170,000 concurrent viewers across YouTube and Twitch and garnering more than 2 million impressions on social media.

While there are plenty of challenges and concerns presented by the expansion of COVID-19 around the globe, chief among those the health and wellbeing of citizens

across the globe, the virus also brings to light opportunities for novel ideas and new ways of doing things that may ultimately change all our lives for the better. At the very least, the esports and gaming industries are uniquely positioned to offer up what we all need the most at times like these – a sense of normalcy in an otherwise chaotic and turbulent world.

Who are we and how can we help?

Teknos Associates is uniquely positioned to identify and analyze the current and anticipated trends within the esports and gaming industry. From our significant knowledge of how the esports and gaming industries have developed, to our first-hand experience providing advisory services to organizations at all stages of development and growth, our team is ready to help brands capitalize on the myriad of opportunities available in the esports and gaming industries. Our vast experience includes delivering strategic analyses, offering comprehensive guidance, and providing valuations to teams and organizations in the industry. To learn more, contact Teknos Associates at

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