eSports: Business Model Design and Value Co-creation

Master's Thesis

M.Sc. in Business Administration and
Information Systems (e-Business)

Author: Evgenia Ntovinou
Date of Submission: 1 December, 2016
Supervisor: Jonas Hedman
Number of Characters / Number of Pages: 132.537 / 55

Copenhagen Business School, 2016

ABSTRACT

The concepts of value, value creation, value co-creation and business models have been widely discussed in the literature. Despite that, they empirical foundation is lacking and also these concepts are often discussed upon mature industries. The eSports industry is considered an emerging field that has not yet been standardized. The aim of this thesis is to answer the question of how can the concept of value co-creation be understood through the design of business models within the eSports industry. A qualitative approach was undertaken, using questionnaires and Skype interviews with representatives from the scene. The VISOR business model framework is used as a tool of analysis so as to comprehend the business processes of eSports actors in light of co-creating value with the customers. The findings showed that different actors within the industry engage in various ways with their customers and technology is at the core of this process. Overall, it was concluded that the eSports industry is continuously growing and the concepts of value co-creation and business model design are highly interrelated.

Keywords: value, value creation, value co-creation, eSports, business model, VISOR framework

ACKNOWLEDGEMENTS

This Master Thesis is written for the Master's Programme of Business Administration and Information Systems (e-Business) at the Copenhagen Business School (CBS). Also, the inspiration came after discussion in a regular base with my supervisor, Jonas Hedman.

Above all I would like to thank my supervisor Jonas Hedman for all the support and guidance he has provided me with for the final consistency of this report. Also, I would like to thank the General manager for tricked esport, Peter Møldrup, General manager for EHOME E-Sport, Mr. Tang WenYi, Coach of Astralis, Danny Sørensen, Master Thesis on the economic system around CS:GO and eSports fan, Philippe Bochaton and the Founder and owner of Copenhagen Games and esports.dk, Zahid Butt.

Evgenia Ntovinou

Table of Contents

1 INTRODUCTION

This introductory section will present the basis upon which this study has been constructed. The problem background is laid out followed by the purpose of this thesis and the research question. It concludes with the structure of the study.

1.1 Problem background

The 21st century has without a doubt disrupted the technological world. Almost everything is now digitized and new trends have emerged creating a global community. Along with this change, changes also resulted in the customer behavior. With the borderless creation of online communities and the global reach customers have become active and well informed, thus, transforming their role in the business ecosystem. This resulted in new conceptualizations and their relation to value co-creation.

The concepts of value co-creation and business models are relatively new and widely used but not clearly defined. This is no easy task as different business environments operate with different standards resulting in continuous changes and adaptations. When it comes to the combination of these two concepts and their dynamic relation, literature has been short in providing empirical foundation. Most authors create their own definitions on value co-creation and business models looking at the two constructs from several perspectives. Prahalad and Ramaswamy (2004) prefer a more conceptual definition whereas others provide a more detailed one (Chesbrough and Rosenbloom, 2002; Vargo and Lusch, 2004 a+b).

There is a lack of a framework that combines these two concepts and guides business model design in the new characteristics of the digital industry. Prahalad and Ramaswamy (2004) proposed a model for understanding the interaction between the customer and the firm in co-creating value and experiences. Storbacka et all (2012) emphasized the process of defining and re-defining business models for improved value co-creation. Omar El Sawy (2013) created a "unified framework" for digital business models and the co-creation of value among several actors in the environment emphasizing the technological components necessary to address in the new digital industry. Nonetheless, these concepts have not been empirically researched within emerging industries, industries that have not been fully shaped yet.

1.2 Industry under study

There is an industry that is not known by everyone and not researched enough since it is now emerging, even though it has been around for almost a decade. This industry is no other than the online video gaming industry that started its first steps more than a decade ago and since then has grown exponentially. This sector has attracted the interest of many since revenues reach or even exceed the ones of well-established industries such as music and movie. Gamers from all over the world go online and compete against others and some of them even become professional players. These players take the next step and participate in tournaments or leagues for games organized by companies, with prize pools that touch millions of dollars.

These electronic sports or eSports, as called, have seen a year by year growth not just in popularity but also in spectatorship and viewership. More and more fans are attracted to it worldwide, more spectators watch professional gamers live in stadiums as they battle against each other and even more viewers follow live broadcasts of the games.

That being said it is not surprising why this booming industry has started to attract researchers, talking about the business aspect of it. The eSports economy for 2016 will grow to $493 million (Newzoo, 2016a) and people have already started to take notice of this. eSports have evolved to a big business field, composed of several stakeholders starting from the game developers and publishers and continuing to the tournament organizers, the teams, the players, the online streaming platforms, the sponsors, the advertisers, the casters and even up and coming betting companies.

Since this is a new and up and coming industry it cannot be compared to another and there are no standards to it as it is still maturing and evolving. Thus, business methods and tools from other fields may not be entirely applicable in eSports, making the research of it even more challenging and yet interesting. This dissertation is focused on studying how the notion of co-creation is implemented in the business models of actors in the eSports scene.

1.3 Purpose of the study

Electronic sports are getting attention from the media and professional eSports players are even granted VISA (Usmani, 2016). Little research has been done on the field of eSports, let alone on the business side of it and the organizations that compose this industry.

It is no secret that gradually more and more companies are interested in entering the niche market of the competitive video gaming world. It has been apparent that there is not just fun in being part of it but it is considered a business, strived by financial motives. Thus, this research aims to clarify the business field of eSports and especially the value being co-created for the actors and their customers.

Most research being done about eSports is based on its psychological effects on the players given the fact that it takes a lot of time spent in from of a computer screen in order to become a good player. However, judging from the high number of revenues, the big number of viewers and spectators and the high interest from many companies to become part of the eSports scheme its academic importance should not be overlooked.

Having said that, it is important to understand how the industry works and how specific actors in it deal with the challenges, how they create value and how they do business. Getting to acknowledge their business models is important as eSports is continuously growing, generating big amounts of money. Business models tested and established in other industries should be adjusted to fit in the eSports industry. The purpose of this study is two-fold. Firstly, to gain a better understanding of the concepts of business models and value co-creation providing empirical foundation and secondly, to demonstrate this based on the eSports industry.

1.4 Research question and research objectives

As the eSports industry keeps growing, the attention it attracts grows as well. Even though there is a lot of information about eSports and professional eSports teams found on the internet there are many questions about the way they operate from a business point of view. Questions about how the involved stakeholders make money, what their business models are, how they will achieve sustainability etc. are only a taste of the high interest. With that in mind the research question of this thesis is defined as:

"How can the relation between the concepts of value co-creation and business model design be understood by the various actors in the eSports industry?"

In order to better understand the, so called eSports, industry and to answer the research question three objectives were formulated:

- To understand the eSports industry and the various actors it is consisted of
- To understand the concepts of value, value creation, value co-creation and business models
- To identify the usefulness of a business model framework of eSports actors on value co-creation

These objectives will guide this research as the following chapters are driven from them, in answering the main question.

1.5 Thesis structure

This dissertation is structured into nine chapters, each one with a title and section sub-titles informing the reader on the content.

Chapter one familiarizes the reader with the research and introduces its context, objectives, research question and the purpose of this study.

Chapter two mirrors the eSports industry providing an overview of the field. The definition of eSports is discussed as well as its background and its present situation. The industry actors are reviewed demonstrating their interrelationships and arguing on the choice of the key actors researched.

The third chapter reviews academic literature on the constructs of value, value creation, value co-creation and business models and their various definitions. The relation between business models and value co-creation is examined concluding with the business models in eSports.

Chapter four provides the theoretical framework of the study. Several frameworks are discussed and the author argues upon the chosen one.

Chapter five touches upon the methodology on which this research was based upon, discussing the study and how the VISOR business model framework was used. The methodology for gathering data is also discussed ending with a limitations and a research ethics section.

Chapter six focuses on eSports and their business aspect by applying the business model framework based on primary and secondary data collected. Game development companies, professional teams and competition organizers are examined through the lens of the VISOR framework.

The seventh chapter provides the analysis of the findings. Each of the actors is investigated in terms of co-creation with their customers and an evaluation of the chosen framework is provided.

Chapter eight discusses the findings and the analysis and reflects on the research question and its objectives.

Chapter nine concludes by restating the research question and how the study answers it and the objectives. Future recommendations are also suggested.

2 ESPORTS INDUSTRY OVERVIEW

2.1 Introduction

In order to comprehend, as fully as possible, the eSports industry this chapter starts off with the definition of the term eSports followed by the background of the field. A short history review is presented along with the rise of eSports only to continue with the current situation of the electronic sports sector. The roles of the stakeholders of this ecosystem are discussed to demonstrate their importance in sustaining the industry.

2.2 What is eSports?

Before diving deeper into the eSports arena it is fundamental to understand the meaning of the word eSports if we want to further advance on its study. However, there is not one generally accepted definition of this term and it is characterized as "professional gaming", a competitive way of playing computer games within a professional setting (Wagner, 2007). According to Wagner (2007), eSports should be viewed as a form of sports as he draws upon Professor Dr. Claus Tiedemann's (2004) definition of sport as:

"'Sport' is a cultural field of activity in which human beings voluntarily go into a relation to other people with the conscious intention to develop their abilities and accomplishments-particularly in the area of skilled motion-and to compare themselves with these other people according to rules put self or adopted without damaging them or themselves deliberately"

Although this is the definition for sports in general, it is broad enough to include electronic sports as well (Wagner, 2007). Nonetheless, further specialization is needed when describing a particular type of sport discipline and that is why Wagner (2007) suggested that the specific abilities trained through the respective sport activities should be defined (Wagner, 2007). That being said, Wagner (2007) defines eSports as:

"... an area of sport activities in which people develop and train mental or physical abilities in the use of information and communication technologies"

It is important, then, to apprehend the distinction between electronic sports and computer-game activities in which consumers may play to enjoy storytelling (Buchanan-Oliver & SEO, 2012) or to relieve themselves from everyday dissatisfaction (Molesworth, 2009). eSports is played to competitively play computer games while trying to improve the abilities of using digital technology. In this case, when a computer game is played for eSports, the players' performance can be judged by some objective measures of comparison (Wagner, 2007). Different computer game platforms may have different measures. In example, in one computer game, players might be judged on whether they manage to defeat their opponents but on another game the comparison measure might be their gaming score. In addition, external parties of eSports players play the role of ensuring the consistency of conduct among competitive computer game practices (Thiborg, 2009). eSport associations are further discussed later on in this project.

2.3 Background of eSports

Understanding what eSports is, is the first step and identifying when and how this field emerged is the next in comprehending the industry. Electronic sports date back to the nineties and specifically in 1999, when the Eurogamer evangelist Mat Bettington compared eSports to traditional sports (Eurogamer, 2016). In the same year the organization of the UK Professional Computer Gaming Championship (UKPCGC) attempted to have competitive gaming recognized as an official sport by the English Sports Council, but failed (Wagner, 2007).

According to Wagner (2007), the global growth of competitive computer gaming is characterized by two different gaming cultures that of the western and eastern countries. In Europe and the United States the history of competitive gaming is connected to the release of the game Doom, in 1993, and the 1996 follow-up title Quake by id software, both first person shooting games (FPS) (Wagner, 2007). In FPS games the teams' goal is to remove the opposition from the field of play (Witkowski, 2012). That was also when teams of online players, called "Clans", started competing in online tournaments (Wagner, 2007). The "Cyberathlete Professional League", in 1997, is a memorable example of a league for professional and semi-professional online gaming leagues whose business idea was modeled after the major professional sports leagues in the States (Wagner, 2007). First person shooting games remain the major component of eSports in the western world (Wagner, 2007).

On the other side, the Eastern eSports culture started out in Korea and they preferred "Massively Multi-user Online Role Playing Games" (MMORPG) and "Real Time Strategy Games" (RTS) (Wagner, 2007). MMORPG example is the 1998 release of the game "Lineage" by the Korean game development company NCSoft (Wagner, 2007). The real time strategy game "StarCraft" was released in 1998 by Californian Company Blizzard Entertainment and basically took over the Korean online gaming market (Wagner, 2007). Television stations were created to broadcast computer game events and this further favored the development of the eSports field (Wagner, 2007). It was then when StarCraft players gained cult-like status similar to that of professional sports athletes (Wagner, 2007).

However, before this eSports cultural difference was even created two key developments were the ones to even create an eSports culture. The first one is the increasing literacy of consumers and popularity of computer games (SEO, 2013). The second one is the technological evolution of the Internet and digital technologies (SEO 2013). The capabilities that the Internet offered, players from all over the world could compete with each other regardless of their location.

If we go back in time, Atari, a now multi-platform, global interactive entertainment and licensing company (Atari-investisseurs.fr, 2016), held the earliest large scale video game competition, called Space Invaders Championship in 1980 (Edwards, 2013). The competition attracted more than 10.000 participants, leading the way for the future of competitive gaming (Edwards, 2013). The 90s was the decade that eSports was truly born and that is because it was then when the first proper eSports competitions such as the 1997's Red Annihilation tournament for the game "Quake", drawing over 2.000 participants (Edwards, 2013). Short after the tournament, the Cyberathelete Professional League (CPL) was founded which is the leading major gaming league (En.wikipedia.org, 2016a). Later on 1997 CPL held its first tournament and by the next year it was offering 15.000$ in prize money (Edward, 2013). In the late 90s the Real-Time Strategy game “StarCraft: Blood War” was released, a game that became one of the main driving forces of the eSports world, though it reached its peak in popularity after the year 2000 (Edward, 2013). The Nintendo World Championships was another event that took place in the 90s, touring 29 cities across the United States of America (En.wikipedia.org, 2016b). Blockbuster Video also ran a World Game Championship where citizens from the USA, Canada, the UK, Australia and Chile were able to compete (En.wikipedia.org, 2016c).

In order to understand the magnitude of the eSports industry growth we need to see what has changed since the first online competitive game competition. If we want to wonder on whether eSports has a future we need to look at its past and its present situation.

eSports truly started to flourish at the beginning of the millennium, with the rise of popular tournaments and the games that are the industry’s backbone today. In the year 2000 two major international tournaments were launched, World Cyber Games (WCG) and the Electronic Sports World Cup (ESWC) (Edwards, 2013). At its peak, 78 countries and 800.000 participants took part in the WCG (GAMURS, 2016). The ESWC offered more than 2.000.000$ as prize money through its 12 years of champions and more than 500.000 spectators watched its offline final events (Electronic Sports World Cup, n.d.). It is obvious how both tournaments have shown the magnitude of the tournaments that now define the eSports arena (Edwards, 2013).

Today’s largest and most successful league, Major League Gaming (MLG), was born in 2002 featuring a variety of video game genres with prize pools larger than 170.000$ (Edwards, 2013). As MLG states, its mission is to “promote eSports globally through premier competition and to deliver premium gaming content to viewers anytime” (Majorleaguegaming.com, 2016). It was then when MLG was the first major tournament hosted on television over the USA Network, with the 2006 “Halo 2” series even though it did not attract a major audience (Edwards, 2013).

Another major tournament organization to arise recently is Dreamhack, a large Swedish computer festival to which attendees from all over the world are attracted (Edwards, 2013) . The company hosts eSport tournaments for a variety of game genres attracting thousands of spectators in its arena (AB, 2016a).

A very popular game is “League of Legends” (LoL), a Multiplayer Online Battle Arena (MOBA) genre game, developed by Riot Games in 2009 (En.wikipedia.org, 2016d). The 2011 “LoL” tournament at Dreamhack was reported to have had over 1.6 million viewers worldwide and in 2012 the “LoL” World Championship Series attracted eight thousand live viewers, 900.000 worldwide viewers and a prize pool of five million dollars (Kasten, 2014). In 2013 the League of Legends World Championships had 32 million viewers, surpassing even the NBA Finals in America among other sporting events (Kasten, 2014) (Figure 1).

Figure 1: Viewers of Sports Events compared to eSports (Research, 2016)

An overview of the eSports industry in numbers will further clarify the situation. According to NewZoo, a leading global market intelligence firm specialized in games, eSports and mobile (Newzoo, 2016a), eSports revenues will grow toward $493 million in 2016, up 7% from the $463 million projected at the start of the year, putting a year-on-year growth at +51.7% (Newzoo, 2016b). For 2019 the expected revenues stand at $1.1 billion (Newzoo, 2016b) (Figure 2).

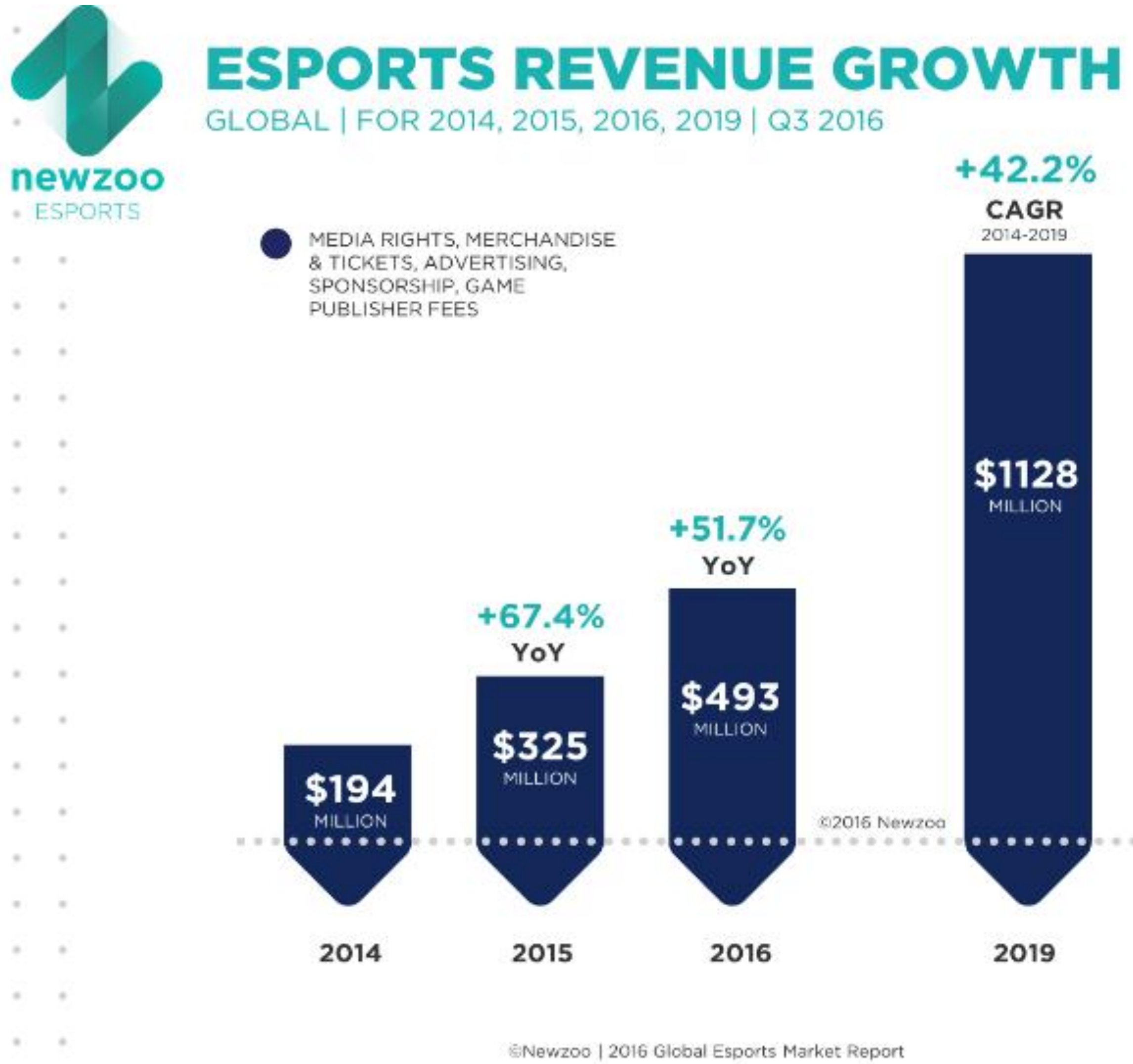

Figure 2: eSports revenue growth (Newzoo, 2016)

Now, what about the global audience? NewZoo has released an analysis on the worldwide viewership situation. According to it over 470 million gamers watch online gaming content on a regular basis and the audience size is expected to surpass 500 million within 2016 (Newzoo, 2016c) (Figure 3).

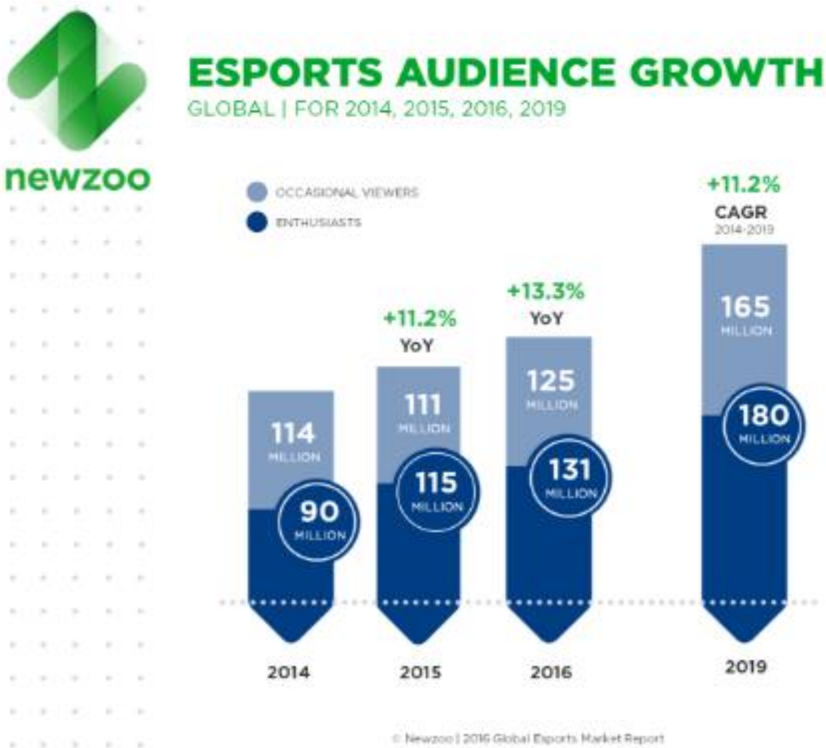

Figure 3: eSports audience growth (Newzoo, 2016b)

The top 10 teams of 2016 along with their earnings are shown in figure 4 to demonstrate the large amounts of money clubs earn (Esportsearnings, 2016a).

	Top Teams of 2016	
1.	Wings Gaming	$9,498,174.77
2.	Digital Chaos	$3,512,632.42
3.	Evil Geniuses	$3,079,040.64
4.	Fnatic	$2,975,624.40
5.	SK Telecom T1	$2,736,498.95
6.	Team Liquid	$2,721,250.28
7.	MVP	$2,320,008.84
8.	Team OG	$1,915,144.00
9.	Team EnVyUs	$1,595,160.82
10.	Counter Logic Gaming	$1,584,764.02

Figure 4: Top eSports teams (Esportsearnings, 2016a)

The top 5 games of 2016 according to the total awarded prize money are DOTA2, League of Legends, Counter-Strike: Global Offensive, StarCraft II and Counter-Strike (Esportsearnings, 2016b).

These statistics are representative of the continuously growing rate of the eSports industry. It is apparent that eSports are here to stay and why not take over the gaming industry. There is an overall explosion of the eSports field and the statistics do not lie. eSports are here to stay.

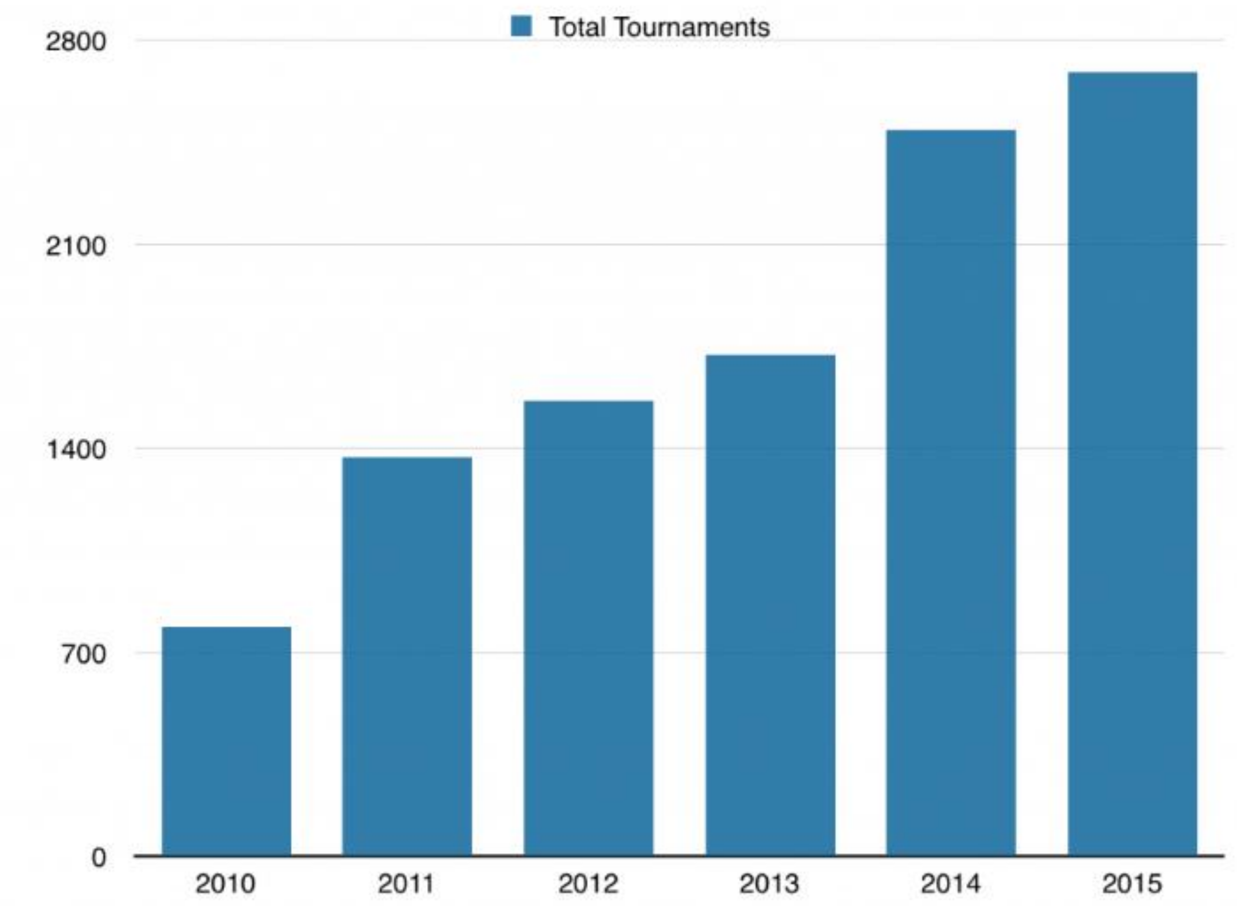

Figure 5: Growth of eSports tournaments (Esportsearnings, 2016)

2.3.1 Industry Players

There are numerous stakeholders involved in the eSports ecosystem and they are all closely related when it comes to growing the field. However, this research will thoroughly investigate the business model of, what is believed from the author to be, the key actors in the electronic sports arena. Nonetheless, all stakeholders will be explained for a better understanding of their interaction.

2.3.1.1 Publishers

Undoubtedly, the most important actor in the eSports industry is the publishers that develop the game since without them there would really be no games to start with. There are many game developing companies but not all of them include the online gaming feature in their products. Even so, the list of them that do is long and some of them are well known due to the popularity of their games. Activision Blizzard Inc. is one of the largest and interactive gaming and entertainment companies in the world and was founded in 2008 through the merger of Activision and Vivendi Games, a video game publisher and holding company for Blizzard Entertainment and Sierra Entertainment (Activision Blizzard, 2016). Some of its well-known games include the Call of Duty Series, StarCraft Series and Warcraft Series (Activision Blizzard, 2016). Another important company is Riot Games, an eSports tournament organizer, video games developer and publisher, established in 2006 and it is known for the popular game League of Legends (En.wikipedia.org, 2016d). Sony, Microsoft and Valve conclude the top five list given the popularity of their games and their revenue generated in 2015 among others (Newzoo, 2016d).

2.3.1.2 eSports Associations

There are some associations in the eSports industry that have several roles within the industry. Such associations are the Korean e-sports Association (KeSPA), a South Korean body established to manage eSports in South Korea and the International e-Sports Federation (IeSF) a global organization based in South Korea whose mission is to have eSports recognized as a legitimate sport. Another association is the British eSports Association which is the national body for eSports and competitive video gaming in the United Kingdom, the International eGames Committee (IEGC), a not-for-profit organization established to positively shape the future of competitive video gaming and the World eSports Association (WESA), an eSports association founded in 2016 by ESL and a number of teams (*World eSports association*, 2016).

2.3.1.3 Competition Organizers

Besides the game development companies there are companies that focus on organizing eSports competitive tournaments and eSports events for the fans, such as Turtle Entertainment and the Major League Gaming. The tournament can be part of a bigger gathering, such as Dreamhack, the world’s largest digital festival (AB, 2016b), or it can be the entirety of the event, like the World Cyber Games (*ESports*, 2016). Major tournaments include the World Cyber Games, the North American Major League Gaming league, the France based Electronic Sports World Cup, and the World e-Sports Games currently held in Hangzhou, China (*ESports*, 2016). eSports organizers are important for the continuation of the industry since the prize pools awarded in their tournaments are enormous and they only keep going upwards. For example, as of 10 September 2016, Dota 2 has awarded approximately $86 million in prize money within 632 registered tournaments, with 23 players winning over $1 million (Earnings, 2016).

2.3.1.4 Players/Teams

Off course players and teams in the eSports arena comprise the core of the industry since they are the drivers in this fast pace industry. Teams in eSports can be present in one or more games genres, nonetheless, the best players usually represent a professional gaming team. However, professional teams can be very different comparatively, based on their resources and their fan base. In example, Wings Gaming is a professional team that earned $9,459,182.00 overall in 10 tournaments from playing DOTA 2 (Earnings, 2012a) and has more than 40,000 fans on Facebook and more than 8000 followers on Twitter[1]. Evil Geniuses is another professional team that participates in more than one games and has won overall $14,869,612.28 from 606 tournaments (Earnings, 2012b) but has more than 300,000 likes on Facebook and 367million followers on Twitter[2].

2.3.1.5 Sponsors

As aforementioned sponsors nowadays in eSports are becoming a more and more common element. In the past eSports relevant brands were interesting in the field whereas today non-endemic brands dive into the electronic sports industry. Companies might sponsor teams, individual players, tournaments or even all together. FYM Hot Sauce, a company based in Portland, recently decided to sponsor Team NP, a professional Dota 2 team (Mineski, 2016). Coca Cola is one of the biggest sponsors to enter the eSports arena as in 2013 it sponsored a minor league series and in 2016 the company sponsored viewing parties hosted in more than 200 cinemas in sixteen countries worldwide (Nemer and Staff, 2016). Razor, HTC and Alienware are among the sponsors of Team Liquid, a professional eSports team (Liquid, 2002). Sponsors may cover traveling costs, lodging in leagues, gaming hardware, salary and teams off course demonstrate the brand in their website, social media, on their clothes etc.

2.3.1.6 Broadcasters

Broadcasters play a key role in expanding the electronic sports industry. Twitch, as mentioned before, is one of the most prominent eSports broadcasters but not the only one. YouTube, Panda TV and streaming services from ESL and MLG.tv are some more[3]. These services broadcast live events and provide content for any enthusiast willing to become part of this digital entertainment world. Even though most of the services are provided online television has started to show interest in eSports. ESPN and TBS TV networks are known examples as Heroe’s Grand Finals were broadcasted on ESPN2 earlier this year and Counter Strike: Global Offensive on TBS (Baysinger, 2016).

2.3.1.7 Audience

The audience could not be excluded when it comes to the eSports industry players. As seen previously, spectators and especially viewers are very important to growing the electronic sports arena. They create a community for eSports fans who want to fill up a stadium or watch live games online. Important demographics are presented that attract new brands in the digital environment, increasing the growth even more.

2.3.1.8 Casters

Casters are the ones that increase the excitement during an eSports competition by commenting about what is happening in the game. Good casters are important in creating an exciting experience by making the game more approachable and easier to understand. A good caster

[1] https://mobile.twitter.com/wingsgamingcn
[2] https://mobile.twitter.com/evilgeniuses?lang=da
[3] http://www.sportcal.com/pdf/rio2016content/Rio2016_Day1_eSports.pdf

should have game knowledge, knowledge about camera control and caster types and viewer empathic (Home, 2012).

2.3.1.9 Betting sites

Another actor in the eSports industry is, like in the traditional sports, the eSports betting sites. These are sites where anyone can join and bet upon a game result. There are numerous betting sites for electronic sports namely betway, pinnacle, bet365, 10bet and William Hill (e SportsBets, 2016).

2.4 eSports business view

So what do we mean when we talk about the business of electronic sports? This is a question that, all the above statistics about eSports and the industry players answer. Lately the industry of eSports has risen and a lot is being discussed on the business perspective of it.

To begin with eSports started small, being played in hotel ballrooms, and today they fill up stadiums (White, 2016). All the previously discussed statistics demonstrate the current situation of eSports and its future and when something has a growth rate that big it attracts more and more attention. Electronic sport competitions attract millions of spectators and even more viewers all over the world. Fans and enthusiasts get excited, cheer for their favorite team and share thoughts on the media. Demographics show that 54% of the eSports audience is represented from enthusiasts aged 21-35 and most of them have a full time job and a high income according to NewZoo[4]. This customer segment is not easy to reach through online media and yet eSports is becoming a marketing tool to achieve just that.

Various companies look at the eSports industry as an opportunity to reach that target segment and are starting to enter the industry. Initially there were more endemic brands sponsoring the industry, such as Intel, Steel Series, G2A.com, Hyper. However, more non-endemic brands are sponsoring eSports such as Coca Cola, Master Card, Nissan[5]. A research from SuperData shows that brand advertising accounts for 77% of the market and will reach $1 billion by 2017 (Gaudiosi, 2015). Investors are also attracted by the eSports world and invest in it. Milwaukee Bucks co-owner and New Englands Patriots owner invest in Skillz, a mobile gaming company (Lefton and Writer, 2015) and it does not end there.

Online streaming has without a doubt played a significant role in the success of eSports. Twitch has over 100 million unique visits to its website per month and the company was purchased by Amazon in 2014 for $970 million (White, 2016). The TBS eSports TV and ESPN's television coverage of eSports show the size of this industry and the high attention it has attracted.

When an industry like eSports grows in that rate and everything related to it grow as well then it is looked at business wise. More money is being spent on electronic sports and more money is being earned from them. Organizations try to find ways to become part of this world and grow

[4] http://www.esports-conference.com/wp-content/uploads/2016/05/NEWZOO_Free_2016_Esports_Market_Report.pdf
[5] http://www.esports-conference.com/wp-content/uploads/2016/05/NEWZOO_Free_2016_Esports_Market_Report.pdf

their own size. The industry's overall value has grown indicating that the business of eSports is here to stay.

2.4.1 Conclusion

Thus, when eSports are discussed they should be viewed within the bigger picture they are in and not just focused on online playing competitively. Their journey has been long and is still has a long way up until they become even more popular. What was once a small, local online battle arena has now become a worldwide online battlefield that keeps growing in every aspect. Many actors are involved in this industry and more are interested in becoming part of it. Do these actors work with a structured business model or not (yet) remains to be seen. In the next section an overview of the literature review is provided along with the theoretical framework discussion.

3 Literature Review

In order to answer the research question it is of high importance to comprehend the concepts of value, value creation, value co-creation and business model and this section provides clarity on their meanings. Previous literature has been reviewed so as to have an overall picture of their definitions. The objective is not to outline descriptions and meanings of the concepts but to understand the main elements of them. The section concludes with the theoretical framework that will be used to analyze the key actors in the industry.

3.1 Concepts of Value, Value Creation and Value Co-creation

3.1.1 Value

The term value is widely used in management literature, however, there are different views from academics on its meaning. Very often the concept is explained from a consumer's viewpoint. Schechter (1984) uses a monetary view on value and explains that the value of a product is equal to the price a customer pays for it. The diversity of the meaning of value is demonstrated in a research by Zeithaml (1988) where value is perceived as either 1) low price, 2) whatever the customer wants in a product, 3) the quality the customer gets for the price paid and 4) what the customer gets for what he gives. Basically, it is up to the consumer's view to define value of a product and the benefits of acquiring versus the sacrifices made.

Bowman and Ambrosini (2000) create a two-fold explanation for the concept of value by making a distinction between use value and exchange value. Use value enquires a subjective viewpoint since it is based on how the customer perceives the qualities of a product in relation to his needs. Exchange value refers to the amount paid by the customer during the sale process, adopting a clear price viewpoint. Bowman and Ambrosini (2000) try to clarify what value is when more actors, other than the buyer and the seller are involved. They suggest that customers want to maximize the use value for the exchange value they paid for whereas suppliers want to maximize the exchange value received for the use value that was supplied. Assuming the firm operates for according to its investors, it aims at maximizing and retaining the exchange value.

Verna Allee (2000) proposes three currencies of value among one or more enterprises, its customers, suppliers, strategic partners and the community. The first one is the traditional economic exchange, the second one is the knowledge exchange and the third one is the intangible value or benefits. Allee (2000) looks at the concept of value through dynamic exchanges between the actors.

3.1.2 Value Creation

After discussing what value is, it is important to see how value is created. Again there are several view stands of this concept. Bowman and Ambrosini (2000) added to their research the concept of value creation by explaining how a firm creates use value and realizes exchange value. The authors suggest that the resources purchased as inputs by the firm in the production process need to be *worked on* by organizational members and the exchange value is only realized on the point of sale and not before. Lepark, Smith and Taylor (2007) extend the definition by Bowman and Ambrosini (2000) to a multilevel perspective of whether the target user is an individual, an organization or the society. They explain that in order for the target user to exchange money the perceived value needs to overcome their willingness not to consume. On the organizational level the authors state that a firm needs to create novelty and benefits that target users or customers are willing to pay for. On the societal level the authors explain that value creation can be conceived when firms innovate and expand their value to society and its members.

Mizik and Jacobson (2003) support that when a firm engages in innovation activities, produces and delivers value to the market it creates value. Priem (2007) similarly suggests that value creation is about innovation that increases the consumer's valuation of the benefits of consumption. Priem (2007) looks at value creation from the consumer's perspective and explains that when value is created the consumer will be either willing to pay for a novel benefit, pay more for something perceived as better or buy more at a lower cost receiving a previous benefit.

Amit and Zott (2001) provided an empirical study of value creation on e-businesses and found that the value creation potential is dependent on four interdependent elements: efficiency, complementarities, lock-in and novelty. Increasing the transaction efficiencies between parties, costs are decreased and thus the transaction value is increased. E-businesses leverage the potential for value creation when offering complementarities for their customers. The authors suggest that when firms use lock-in mechanisms, customers do not choose competitors and rather engage in repeat transactions creating value. Lastly, the authors refer to novelty as when firms introduce innovative ways of structuring transactions. They believe that a firm's business model is an important source of value creation for the firm itself as well as for its suppliers, partners and customers.

3.1.3 Value co-creation

After discussing the concepts of value and value creation the concept of value co-creation is explained through literature review so as to understand its meaning. Vargo and Lusch (2004a) developed a strong foundation for a service dominant (S-D) logic in marketing. The authors explain that marketing was influenced by the exchange model of economics, where goods are exchanged. However, since new perspectives emerged, that focused on intangible assets, the co-creations of value and relationships, the authors suggested that these new perspectives create a core logic for marketing that is based on services as an exchange (Vargo and Lusch, 2004b). In this S-D perspective the involvement of the customer as a co-creator of value is stressed out as one of the nine foundational propositions that were created by the authors to better understand value and exchange (Vargo and Lusch, 2004a). One of those propositions is that the customer is always a co-producer where the consumer is always involved in the production of value since even after a product is bought the buyer still needs to use it based on his needs, continuously creating value.

Prahalad and Ramaswamy (2004) provide a more holistic perspective when discussing value co-creation under the managerial standpoint. The authors discuss about the transformation of the traditional concept of the market into one that changes the relationship between the customers and the firm. Moving away from a company-centric concept of market, active customers nowadays are informed, connected and empowered to choose the firms they want to interact with based on how they each see how value should be created for them. The authors support a new logic of value creation and that is value creation through co-creation of unique customer experiences with the company. There is a shift from product innovations alone to experience innovations (Prahalad and Ramaswamy, 2004). Especially with the technological evolution and the use of the internet customers can create online communities and get informed, thus, having power in the value creation process.

Vargo and Maglio (2008) suggest that the co-creation of value is demonstrated when companies apply their knowledge and skills in producing and branding a product and at the same time customers apply their knowledge and skills in using that product based on their lives.

3.2 Concept of a Business Model

Within the business environment a common concept used is "Business Models" but it is not easy to define what it is exactly since there is no one generally accepted definition. Many researchers have sought a clear definition but arguments arise since businesses are not all the same and other concepts emerge such as strategy, organizational structure, management and planning etc. Several definitions have been demonstrated trying to explain the essence and purpose of a business model (Pateli, A. G., & Giaglis, G. M., 2004). I will perform a structured literature review in order to reach a, as much as possible, unified definition. Given the large number of authors defining the concept I have chosen those that I find mostly related to my subject.

One widely cited author is Joan Magretta, who seeks to define the business model terminology and places the business model closely related to value creation (Magretta, 2002). Even though she does not explicitly define the meaning of a business model she emphasizes that they are about telling good stories and more accurately:

"Business Models, though, are anything but arcane. They are, at heart, stories- stories that explain how enterprises work" (Magretta, 2002, p. 87)

According to Magretta, the business model will answer questions about who the customers are, what they value and it will explain how a company can deliver value at a reasonable cost. For her, a business model carefully explains the company's value chain, the part of creating something and the part of selling it, and therefore a successful business model is based on great understanding of the value chain and creation. She believes that creating a business model is like writing a new story and that all new business models are variations of the generic value chain underlining the business (Magretta, 2002). She also identifies profit as demonstrating success and if a company is generating profit then its business model is telling a good story. Thus, when business models fail it is because the story does not make sense or the numbers do not add up. Concluding, Magretta differentiates the meaning of business model from that of the strategy, as strategy to her is about how a company deals with the competition and a business model is about how a company actually does business (Magretta, 2002).

It is interesting to see to what extend has the concept of business model been used in terms of technological advances such as the internet itself. Two of the authors that connected the concept with technology are Henry Chesbrough and Richard S. Rosenbloom (2002) in their article “The role of the business model in capturing value from innovation: evidence form Xerox Corporation’s technology spin-off companies”. The authors identify that the business model is a tool that mediates between the technical and economic domains and that a successful one creates an understanding of an economic value when realizing the technical potential (Chesbrough & Rosenbloom, 2002). It is their belief that in order to capture value from technology it has to be commercialized and that managers should change the business model so as to fit the circumstances of the technological or market opportunity and not the other way around (Chesbrough & Rosenbloom, 2002). In that sense the authors propose that the functions of a business model are to:

- Articulate the **value proposition**
- Identify a **market segment**
- Define the structure of the **value chain**
- Estimate the **cost structure** and **profit potential**
- Describe the firm’s position within the **value network**
- Formulating the **competitive strategy** (Figure 6)

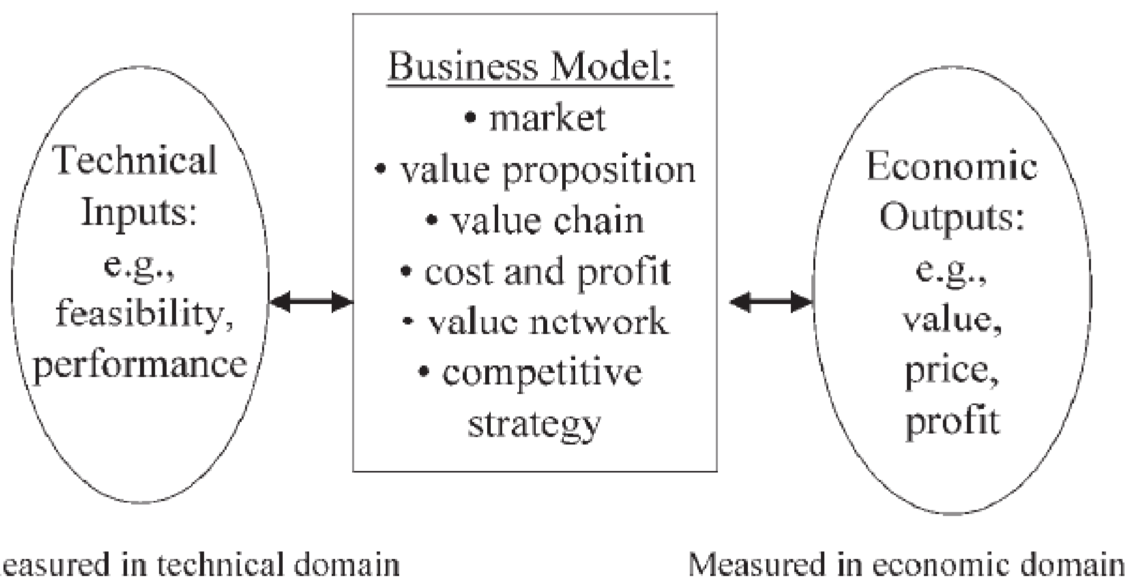

Figure 6: The business model mediates between the technical and economic domains (Chesbrough & Rosenbloom, 2002)

Chesbrough and Rosenbloom (2002) emphasize that companies operate in a dynamic environment and that a static model approach should be taken with caution. It is important for companies to realize how significant it is to create business models that capture value from technical inputs in order to result to the desired economic outputs (Chesbrough & Rosenbloom, 2002). Lastly, they also find differences between the concept of business model and strategy and they should not be taken as the same but as complements.

Osterwalder and Pigneur (2010) acknowledge the importance of a shared understanding of what a business model is since value creation is essential in a global competitive world. They proposed the "Business Model Canvas", a management template where they suggested a more simple definition of a business model:

"A business model describes the rationale of how an organization creates, delivers, and captures value"

They believe the business model canvas can describe the business model of a company through its nine basic building blocks (Osterwalder & Pigneur, 2010). They also believed, like others, that the business model is not the same as the strategy but it is a blueprint for it to be implemented in the company's processes (Osterwalder & Pigneur, 2010).

It can be observed that even though there exists a common understanding of the need to have a unified definition of a business model every author creates one of their own. Most of the definitions end up to the business model having as a purpose the value creation and capture. A business model is a tool that helps/guides firms move in their environment and gradually taking into consideration external factors as well. The next section will review the literature in terms of business models in eSports. Write a bit more on what a business model is!!

3.3 Business model design for co-creation

Based on the above literature review it can be seen that several aspects of the concept of value co-creation. However, there is not enough literature on how to undertake the process of co-creation through business modeling. Understanding the concepts is one thing but applying them is another, thus, organizations could use a framework to help them operate based on value co-creation.

Prahalad and Ramaswamy (2004) created the DART model (building blocks) as a basis for understanding the interaction between the consumer and the firm in co-creating value. DART stands for dialogue, access, risk-benefits and transparency. The authors support that dialogue is an important element in co-creation and it "…implies interactivity, deep engagement, and the ability and willingness to act on both sides". Access and transparency in information is equally important when creating a dialogue and is thus needed in creating a meaningful one. Those three building blocks can help the consumer assess the risks and benefits of a choice or decision (Figure 7).

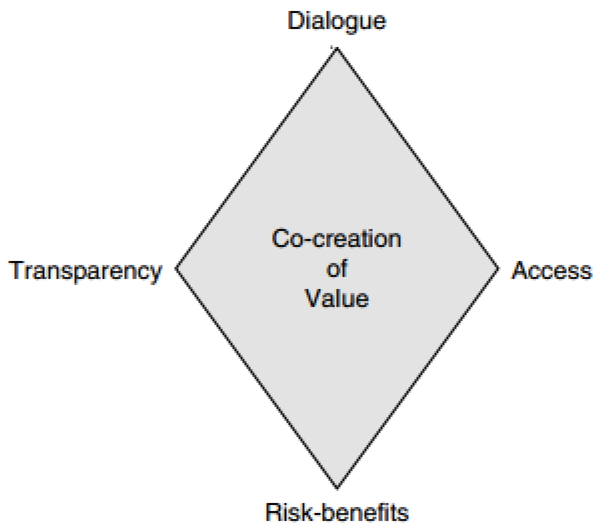

Figure 7: The DART model (Prahalad & Ramaswamy, 2004)

Storbacka et all (2012) agree that value is co-created between actors in a network rather than inside a firm’s boundaries and investigate how a firm can define and redefine a business model for improved value co-creation. The authors suggest designing a business model is a key activity and they identify twelve categories of design elements that need to be defined and developed in parallel, covering market, offering, operational and management perspectives (figure 8). The authors also propose that internal configurational fit among all business model elements and the external configurational fit between the business models of the provider and the customer are significant in designing an effective business model for co creation.

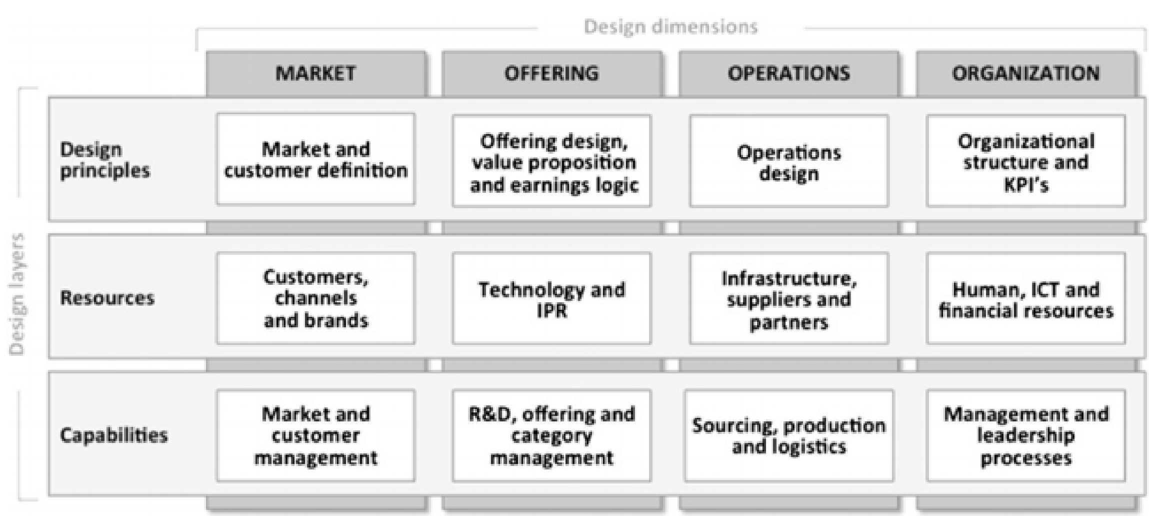

Figure 8: A framework for business model design (Storbacka et all, 2012)

Omar El Sawy (2013) in his research demonstrated that value is co-created, co-converted and co-captured beyond the enterprise and in relation to its customers, competitors, complementors and the community. The author discusses the dynamics of the digital space and its digital business models and proposes a “unified framework” for business modeling. The VISOR model was created categorizing business components into five blocks namely value proposition, interfaces, service platforms, organizing model and revenue model (figure 3). The VISOR framework is explained in details in the theoretical framework section.

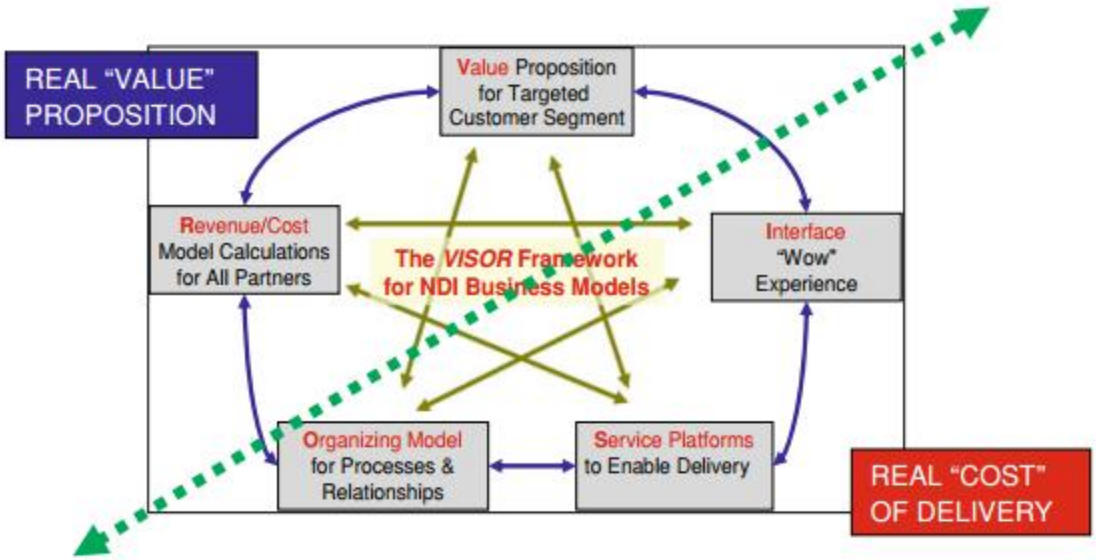

Figure 9: The VISOR Model (Omar El Sawy, 2013)

3.4 Business Models in eSports

The literature research has shown that the concept of business models has been widely discussed. When it comes to the new digital industry though, traditional business models should be redefined to fit in this new aspect. Even though the eSports industry has been under the microscope lately, its business operations have not been explored and looking into the literature little can be found on this subject. This is not a surprise since only recently this industry has garnered attention. When addressing the gaming industry in a general manner some research has been done in terms of the health effects gaming has on behavior and how violence in games may affect a player’s attitude. Schmierbach (2010) is one example where different perspectives of game design are linked to emotional responses and Scholz (2010) is another where leadership in games is examined and evaluated for use outside of that niche. However, these subjects do not exactly address the eSports world and some more relevant academic work has been done covering the growth of the industry. Hutchins (2008) view eSports as a field that has not been explained academically in the past.

When it comes to the business aspect of eSports very little academic research can be found. Most of the information about the business of electronic sports can be found online, in related blogs, as part of an online news site, with statistical data of its growth etc. A change on the business model underlying the industry is suggested by a development company that touches upon the engagement of the viewers and how to monetize them by developers, however, no research is conducted and it is only an opinion (Technologies, 2016).

Taking under consideration the above, there is an academic gap in the knowledge of eSports business models and value co-creation within it. Given this gap, I will try, to the best of my abilities, to create academic material to contribute to the literature. What this research paper investigates is the assertion of the digital business models in the eSports industry and how they co-create value with the customers, the competitors, the complementors and the community by analyzing key actors' business models. It is a new field of research and it is highly interesting to investigate. . The electronic sports ecosystem is composed of many stakeholders/businesses and each has its own business model, however, as discussed before, I will examine three actors of the industry, those that I have solid belief that constitute key players. It can be observed that the most common theoretical framework used is the business model canvas and I have chosen the aforementioned VISOR framework, arguing upon its choice. The following section discusses possible alternative options and explains the chosen framework.

4 Theoretical Framework

In order to answer the main question of this thesis and the sub-questions introduced in the first chapter, a theoretical framework will be used to analyze the business models of the key actors. To better understand the chosen framework two business model frameworks are explained, as a reference so as to point out the reasons behind the chosen VISOR business model framework. The components of the framework are explained in details.

4.1 Business Model Canvas

As seen in the previous section the business model canvas is widely used when it comes to analyzing business models. For this reason it will be explained here to better understand its core logic. The business model canvas was proposed by Osterwalder & Pigneur (2010) and was co-created with 470 practitioners into a management template. The authors identify nine building blocks that they believe cover the four main areas of a business: customers, offer, infrastructure and financial viability (Osterwalder & Pigneur, 2010). The nine blocks are: customer segments, value propositions, channels, customer relationships, revenue stream, key resources, key activities, key partnerships and cost structure (Osterwalder & Pigneur, 2010). These components are briefly explained in order to provide an overall view of the framework.

Customer segments are defined as groups of people or organizations that the company targets. In order to satisfy customer's needs they are grouped together so as to better understand them and fulfill their needs. A company must decide which segment/s it wants to satisfy and base its business model accordingly.

Value propositions are the products or services that a company offers to the chosen customer segment/s. The company's benefits are the reason why customers choose their products or services over the competitors.

Channels are the way a company reaches out to its customers. It is the communication, distribution and sales channels that bring the customers in touch with the company's offer.

A customer relationship is the component that describes the type of relationship a company aims to have with the targeted customer segment/s. These types can extend from personal to fully automated ones and can be motivated by customer acquisition, customer retention and boosting sales.

Revenue stream describes the amount of money the chosen customer segment/s is willing to pay in order to use a company's value proposition/s. The authors suggest only two types of revenue streams that a business model can have and they are one-time customer payments and ongoing payments.

Key resources are a firm's assets in creating value proposition, delivering it to the market, having the relationships with the customers and earning money. According to the authors the key resources can be physical, financial, intellectual or human and can be owned, leased or acquired Osterwalder & Pigneur, 2010).

Key activities are what a company should do to operate successfully. Key activities can be categorized in production, problem solving and platform/network.

Key partnerships are the alliances a firm creates in order to deliver its value proposition/s. Four types of partnerships are described and they are: strategic alliances between non-competitors, cooperation (strategic partnerships between competitors), joint ventures to develop new businesses and buyer-supplier relationships to assure reliable supplies.

Cost structure describes the costs a company has in its operation. Some business models are cost-driven, in which the company aims to reduce costs, and some are value-driven, in which value creation is the priority.

4.2 Capturing value from innovation

Another business model framework suggested from Chesbrough and Rosenbloom (2002) will be discussed. The reason behind the choice of this research is based on the fact that its author takes a more dynamic approach in creating a business model. Chesbrough and Rosenbloom (2002) identify the business model to be a conceptual framework that mediates between technological development and economic value creation. According to the authors, a business model is composed from the following six components:

1. Articulation of the value proposition
2. Identification of a market segment and a specification of the revenue generation mechanism

3. Definition of the structure of the value chain in order to create and distribute the offering as well the complementary assets needed to support the firm's position in the chain
4. Detail of the revenue mechanism and estimation of the cost structure and profit potential
5. Description of the position of the firm within the value network, linking suppliers, customers, potential complementors and competitors and
6. Formulation of the firm's competitive strategy

The authors believe that technology can be valuable for a company only when it is commercialized through its business model (Chesbrough and Rosenbloom, 2002). It is explained that even if a company has the greatest technology it cannot create value for itself if the business model used to bring it to the market is not changed to fit the technology (Chesbrough and Rosenbloom, 2002). This shows how he believes that a business model is not a static one but should differentiate accordingly and when necessary. Management theories are primarily concerned with value capture and the business model show the significance of understanding value creation in a company (Chesbrough and Rosenbloom, 2002). To them it very important for a firm to understand the value it creates and then to adjust its business model to capture the capture the created value. Coining with this research Chesbrough's paper in 2010 also points out that it is the strength of a company's business model that add value to the offering as he explicitly says:

"…a mediocre technology pursued within a great business model may be more valuable that a great technology exploited via a mediocre business model"

(Chesbrough, 2010, pg. 353)

The authors stress out the importance of understanding the interrelation between the business model components in order to become profitable and he uses a case example of a technological company that changed its business model to fit the market (Chesbrough and Rosenbloom, 2002). A flawed understanding of this could lead to a negative influence of the profit. In their paper the role of the right choice of a business model is emphasized so as to capture value from technology. Besides the innovational factor the value network surrounding a firm is also identified and the value of a technology can be leveraged when the network is positively aligned. What is interesting in this framework is that both innovation and dynamics of the environment are recognized, something that would theoretically fit to my research study.

4.3 VISOR Business Model Framework

An overview of the business model literature has been provided and two frameworks have been presented. In this section the VISOR business model framework is presented since it is this that will be used as the analytical framework of the thesis. The chapter concludes with the argumentation of its choice.

In 2013 El Sawy and Pereira wanted to develop a unified business modeling framework in order to build digital business models in business ecosystems and to expand the components of business models in an operationalized manner. Their research in understanding the dynamics of the digital business ecosystems lead to the creation of the VISOR business model framework.

The authors believe that given the increase of the digitalization of offerings, digital business models are important (El Sawy & Pereira, 2013). According to them time compression, turbulence and new architectures are the attributes that differentiate digital business models with the past business models. The VISOR framework consists of a number of components, previously introduced by other scholars, and according to the authors a business model is successful when these components are aligned in a way that the targeted customer segment is willing to pay for the offered product or service while the costs are minimized.

Five higher-level components should be assessed in order to check the viability of a business model. The Value and the Revenue/Cost components determine the real value proposition and the organizing model, the service platforms and the interface components determine the real cost of delivery. The components resulting from value proposition are customers, customer value, customer understanding and customer relationship.

4.4 Why VISOR?

From the previous literature review and the theoretical frameworks discussed in this chapter it can be seen that business models are fundamental to an organization's performance and a misconception of a business model and its components can be proven costly for it. When, nowadays, pretty much everything is turning digital, business processes should be adjusted to meet those changes. As CK Prahalad and MS Krishnan suggested in their book in 2008, business processes should be reinvented to fit the globalization that new technologies bring (Prahalad & Krishnan, 2008). The authors believe that using software and digital applications to gather customer feedback and then using analytics to capture that knowledge is what companies should do in order to be able to compete in this fast growing digital industry. They talk about customers co-creating value with the companies so as to be treated as unique individuals. Thus, the external environment of a company should be taken into account and a co-operation with it should be created.

Having said that, I will elaborate on the three business models discussed and argue upon the choice of one most compatible to my research. Each one of the business model frameworks has its own strengths, limitations and special features that under the right context a business model designer would be benefited from. Chesbrough and Rosenbloom (2002) demonstrated, with their case example, how important it is to adjust a business model to fit the external environment, indicating the significance of the interrelation of the components. However, the authors did not explain theoretically how the components interrelate but only used the case example to demonstrate it. Thus, they identify the problem but they do not provide a concrete solution to it. It is important, though that they recognize the dynamics of the environment and this is also demonstrated by the two-way arrows between the components on their framework. The framework emphasizes the importance of value creation, however, the authors do not discuss value co-creation with the external environment.

As far as the Business Model Canvas (BMC) is concerned, the authors proposed a structured and formal approach to business modeling designing the nine business model components. Its applicability for every business process makes the BMC a tool easy to understand and use and the authors emphasize the importance of constantly validating and revising when necessary the business model. However, the framework pays specific attention to the individual firm, as a unit of analysis, and lacks an analysis of a multi actor network. Thus, it is not properly proposing interrelation and in fact the arrows used in the framework, by the authors, only go one way when I believe they should show both ways since the value proposition cannot be predefined that will fit the market segment. Another drawback for the BMC and a reason of unfitness to my study, is its lack of technology as a unit of analysis.

As far as the VISOR business model framework is concerned, it is highly Information Technology (IT) oriented as it encompasses two new components (Interface, Service Platforms), digitally distributed that the previous frameworks did not. When it comes to the eSports industry, where basically everything is seen in connection to an online world, it is important to use a framework that identifies that. Thus, the framework makes it explicit that technology s integrated in the business model of digital platforms and it focuses on how to create value for both the customers and the company. Co-creation is at its core logic and each component proposed is seen in relation to its environment and value network. The authors acknowledge the fast-pace and turbulent digital business ecosystem and the interconnection between players who co-create, co-capture and co-convert value (El Sawy and Pereira, 2013).

Following up the analysis of the three frameworks, it can be identified that the most appropriate one is the VISOR framework. It suits better to an industry that is technologically based and within a value network of many stakeholders. Taking into account those players, whether they are customers, complementors, the community or competitors, in order to create with them value is important and this framework puts emphasis on it making it suitable for the digital world. Thus, the VISOR business model framework will be the analysis framework used for this master thesis research.

5 Methodical Reflections

The research methodology is an important part of this thesis as it ensures the quality of the research, explaining how it was conducted and why the researcher chose to conduct it a certain way. In order to answer the research question and the research objectives this chapter underlines the steps taken and research choices made so as to conduct the analysis. First, the research approach and research design is discussed. Then the research design is outlined and how data were collected and analyzed is demonstrated. The section concludes by discussing the quality of the research in terms of ethics, reliability and validity only to close off with the limitations of the study.

5.1 Research approach

This research is following the inductive approach to answer the main question and the research objectives. The goal is to generate a better understanding of the situation under research and for that data are gathered prior to the development of a theory. A less structured approach in gathering data is followed since different views of the eSports world might be revealed. The notions of value, value creation and value co-creation are difficult to examine quantitatively due to the conceptuality of them. Also, electronic sports is a field still evolving and thus, this project wants to include different perspectives of it. For this reason a qualitative method was deemed appropriate and self-constructed questionnaires were sent through the internet combined with data available online and two Skype interviews with representatives from the industry.

The qualitative approach is by nature explorative since the aim is to better understand rather than explain the matter of interest. Thus an abductive approach is used since through this study the researcher wants to contribute to the existing theory with empirical data from the evolving and unstructured industry of eSports. Additionally, as a researcher I did not have rich previous knowledge of the eSports industry creating an important goal to further understand it.

5.2 Strategy and Research Design

The research design is an important step in this thesis as it demonstrates the choice of research, the choice of collection methods and analysis processes as well as the time horizon, all to answer to the fullest the main question and its objectives. As aforementioned this is an exploratory study and deeper insights from key actors are researched in order to understand how they perceive the concepts of value and value co-creation with their customers. Since this is a qualitative study, questionnaires were self-constructed in order to gather data. Questionnaires are a method used in the survey strategy according to Saunders & All (2007). Since game development companies, professional teams and competition organizers were the focus of this study data from all three should have been gathered. I have tried to approach several representatives from all three stakeholders, only getting responses from professional teams and one competition organizer. Social media was the primary way of contacting professional teams but also emails were sent to developers and competition organizers without much luck. Thus, three questionnaires were created and sent through the internet to teams so as to deeper understand their business operations. Two Skype interviews were also conducted with a respondent that is involved within the gaming industry and has conducted academic research in the eSports industry, and one representative from the Copenhagen Games eSports competition organizer and responsible in esports.dk, a website devoted to electronic sports. In table 1 the names of the respondents are presented along with their professions to provide an overview for the reader. However, data from online sources were also gathered, applying a multi-method strategy in the study since both primary and secondary data were collected and analyzed (Saunders & All, 2007).

Names	Position	Collection of data
Peter Møldrup.	General manager for tricked esport	Email questionnaire
Mr. Tang WenYi	General manager for EHOME E-Sport	Email questionnaire
Danny Sørensen	Coach of Astralis	Email questionnaire
Philippe Bochaton	Master Thesis on the economic system around CS:GO and eSports fan	Skype Interview
Zahid Butt	Founder and owner of Copenhagen Games and esports.dk	Skype Interview

Table 1: Responders for collecting data

5.2.1 Qualitative Research Design

A self-constructed questionnaire was created in order to get a better understanding on the team's business operation. These were seventeen open ended questions, with linking sub-questions, so as to guide and help the interviewee understand the nature of the questions. The questions were organized under clear headlines for each aspect of the business operation closing with a commenting section in case the interviewees wanted to add comments.

Also, two online interviews were conducted using the application of Skype. One representative from the competition organizers, representing a Danish competition organization (Copenhagen Games), and a researcher on eSports were interviewed using a semi-structured approach. The interview from the competition organizer was recorded and transcribed and is provided in the appendix section, however, the other interview was not able to be recorded and thus transcribed due to technological failure of the recording application. Nonetheless, notes were taken the whole time and they have proven extremely valuable and beneficial for the conduct of this study.

5.3 Data Collection and Analysis Methods

5.3.1 Data Collection

The approach used for this thesis, in collecting data, is data triangulation where more than one data collection methods were used to answer the research question (Saunders & All, 2007). This study is based on the collection of both primary and secondary data.

To begin with, secondary data were collected from scientific articles and books. Copenhagen Business School's online library and Google Scholar were the main sources for collecting data, mainly for the theoretical foundation of this thesis. Literature's review based on business models and business model frameworks data were collected through this search. Moreover, secondary data were collected for the analysis of the game developers, professional teams and tournament organizers from several sources such as eSports websites, eSports blogs, news sites, social media sites, company websites, journal- magazine and newspaper articles and academic productions. Statistics and numerical data were also gathered from financial reports and market statistics. Also, videos uploaded in online sources such as YouTube, regarding the eSports industry, were also taken into consideration in this study.

As far as the primary data collection is concerned, structured questionnaires were created by the researcher and sent through the email to the interviewees. These questionnaires were self-administered since the respondents filled them and sent them back. Even though, more than twenty possible interviewees from all stakeholders' sides were approached, some answered negatively and some did not answer at all. However, the three teams that were successfully approached using email questionnaires provided beneficial insights in the eSports industry under research. The questionnaire emailed was two-paged where in the first page personal information about the interviewer was provided such as name, university and contact email. The second page was comprised of seventeen open-ended questions under six categories. Off course personal information of the interviewee, name and role in the team, was input. The first category of the questions addresses the first element of the business model framework, the value proposition. The intension for these questions was to understand the main goals of an eSports professional team. The second category of questions aimed at understanding whether teams use new interfaces and service platforms in communicating with their fans and reaching their goals. The questions in the third category were aimed at exploring the organizing model of the team in terms of partnerships and key complementors. In the fourth category, questions about the team's revenue sources and expenses were asked so as to create a clear picture of their financial situation. The fifth category of question addresses the business model a team is using or not. In the last category, general questions about the eSports field were asked in order to gain information on the perspective teams have on the matter. Finally, the questionnaire concludes with a comment section, for the free expression of the interviewee's thoughts on the subject. Table 2 demonstrates the objectives of the questionnaire as well as the topics covered to reach an understanding. The sent questionnaire is provided in the appendix section of this paper. (Appendix A).

OBJECTIVES	TOPICS
To identify the value proposition of the professional electronic sports teams.	• Customer segments • Team's goals
To identify the effect interfaces and service platforms have on eSports.	• Fan communication tools • Use of platforms • Effect of interfaces on teams
To understand the organization of the team.	• Team organization • Importance of partnerships
To understand the team's model for revenue sources.	• Team's revenues • Team's expenses • Alternative revenue sources
To identify the business models currently being used by the eSports teams.	• Use of a business model • Revenue and stability thoughts
To better understand the eSports industry growth.	• eSports growth • eSports ecosystem

Table 2: Objectives of the Questionnaire and Topics

The questionnaires were sent during the month of November 2016. As aforementioned, teams were contacted through social media, where I sent private messages in order to communicate with them and ask them if they would be willing to be part of my master thesis.

Two semi-structured interviews were also conducted by contacting a Danish competition organizer and an eSports enthusiast that has researched the industry. Questions were created in a way so as to promote and initiate a conversation with them. Since representatives from the developing aspect of the electronic sport games were not able to be tracked down, these respondents were asked and provided information on behalf of them. Overall, data collection has been an ongoing process throughout the research as information upon the eSports industry is flowing constantly.

5.3.2 Analysis methods

In this sub-section I will demonstrate my analytic approach. In the "Literature Review" section I discussed concepts on value, value creation, value co-creation and business model and frameworks concluding in the VISOR framework as my chosen framework of analysis. Thus, the VISOR business model framework works as a tool of analysis for this thesis. Both primary and secondary data, when available, were carefully cross-checked, to the best of my ability, in order to ensure credibility. The components of the VISOR framework were explained in details in the previous section and the collected data were input into the framework so as to understand the business model of the stakeholders. The findings from each respondent along with the secondary data were analyzed according to the literature review discussed and when different opinions occurred they were also taken into consideration and mentioned in the analysis part.

5.4 Ethics, Reliability, Validity, Generalizability

In this section, issues about the ethics of this study are discussed as well as reliability and validity of the data in order to provide credibility. Generalization of this project is considered and limitations that apply. These are matters that I as a researcher considered when conducting this study.

5.4.1 Research Ethics

Research ethics are about one's behavior related to the rights of those being researched or are affected by one's work (Saunders & All, 2007). Thus, ethical issues refer to how we create a research topic, how we design it, how we collect, process, analyze and store data and finally writing our findings responsively and morally (Saunders & All, 2007).

This research was conducted taking into account ethical issues. Participants were informed about their rights and anonymity possibilities when first contacted. In the case of not wanting to provide sensitive information on a particular matter respondents were aware of that right. Participation was voluntarily, with no promises or compensation but with provision of the final research paper to the interested parties. The questionnaire demonstrated the academic purpose of it by providing information of the university and enrolled Master's Degree and off course participants were informed also beforehand about it. The questionnaire was designed in a way that it did not offend, embarrass, stress or cause discomfort. Participants were thanked for their input. The Skype interviews were conducted in accordance to the availability of the interviewees and their approval of the recording was taken.

5.4.2 Reliability, Validity and Generalizability

In order to reach credible findings researches should be as reliable and valid as possible with any limitations clearly provided. Undertaking a qualitative research strategy along with an exploratory research design is a challenging task for the reliability and validity of this study. It has been a personal goal to conduct a research as accurate as possible by constantly triangulating data and searching for validation in every alternative way, within the data, both primary and secondary. For the reliability of this thesis all data were processed and interpreted in transparency.

As far as validity is concerned, the findings match the purpose of this thesis as the main question and sub-questions were answered to the best of my abilities. Examples demonstrated in the analysis are believed to be representative of the industry and several perspectives are explained.

When it comes to the generalizability of the study, it would need to be addressed by further research in the subject of interest. The eSports industry is a unique setting and this paper aimed at providing a better understanding of it and not in generalizing the results, conclusion or theory of it.

5.5 Limitations

Being a master thesis this research had a time period of five months. The study was focused on three of the stakeholders within the electronic sports industry. Even though the choice of focusing on these stakeholders was argued, a more broad research, including more stakeholders could have been a possibility given more time. Thus, time constraint limited the research area.

Furthermore, there are many theories that can be used to analyze the business concept and several business model frameworks to use. I have chosen to use the VISOR framework as my analytical tool, giving focus to the components aligned with it. Choosing to use another framework could have given this study a more extensive field of application, on other industries for example.

Also, the business model frameworks created for the stakeholders were limited to mainly secondary data. It was not easy to contact representatives from the organizations and some of them that were actually reached they either did not want to participate or did not have time to. An example of a game development company that did not want to participate is ….SOS!! that states in their website that unless it is a PHD study most of the data are available online and the ones that are not are sensitive data.

Another limitation of this study was the small sample of participants in collecting primary data. Again, professional teams were either uninterested in participating or did not have time to participate. This made it extremely difficult to identify different business models among the stakeholders or even differences between Western and Eastern countries. This could provide valuable insights on the business operations of industry players in different markets.

One more limitation of the study was in the data collection method. Due to the limited time of professional teams and even local time difference, questionnaires were emailed to them even though the initial thought was to conduct face- to- face or online interviews. This made it difficult to further clarify the questions, in a case of misunderstanding, not creating an unstructured and open discussion environment as well as creating a more impersonal feeling.

Last, in the eSports arena there exist several game genres and platforms that I have chosen not to specifically focus on one of them. I found such a clarification not relevant to the research topic, however, I have noted different types, genres or platforms when needed in order to help the reader.

6 Implementing the VISOR framework

Previous chapters have outlined the problem identification and the methodology followed by the author. In addition, past research on the subject has been discussed as well as theoretical frameworks and the argumentation underlying this research. In this chapter the chosen business model analytical framework is applied on the, previously discussed, key actors in order to better understand their business models.

The VISOR business model framework is used as the analytical tool in order to understand the business operations of each of the three stakeholders. Data collected are analyzed here based on the proposed components synthesizing the framework. Since only secondary data were collected for game development companies the implementation of the framework for them will be based on that data and on answers from respondents from the other stakeholders. Primary and secondary data gathered are used in creating the framework for teams and competition organizers. The framework is adapted so as to fit as best as possible the business processes of the stakeholders. Thus, a common understanding of the framework's components is adopted with, however, adapting it in each industry player's business operation.

6.1 Game developers

6.1.1 Value proposition

Game developing companies are a milestone for the eSports industry since they are the ones creating the games available to players. Knowing who your customers are and what needs of theirs you address is highly important in order to succeed. When it comes to eSports, the customer segment that game developers attract is primarily the game players. The game industry is a broad one and it is viable for the game development companies that want to succeed in the eSports arena to fine-tune their customer segments. According to statistics as of June 2015 "League of Legends" had a player base of 67 million while "World of Tanks" had 60 million (Statista, 2016). It is apparent that the size of the market is big and it is constantly growing. Nonetheless, value is also proposed for competition organizers by allowing them to host competitions and broadcast the games and by contributing to the competition's prize pool. Further explanation is provided in the analysis section below.

The gamers that want to see more of the online competitive gaming world are the ones to eventually "decide" whether a competitive online game meets their needs. In order to define what the value is for the customer, game developers have to realize what it is that they value the most. For example Riot's value proposition is based on the human need of joining forces and working towards a common goal, creating games that are about team play and having as a goal to become the most player-focused game company in the world (Games, 2015a). Electronic sports gamers value a game that meets their need to compete in this online battlefield providing them the excitement of the game with all its features.

Game development companies for electronic sports are heavily relied upon their customer understanding. The companies need to first understand what their customers want and then release the game having captured as much as possible of that understanding. A lot of game companies offer players an opportunity to play a game prior to its commercial release with for example a free trial download. That happens in order to gather valuable data from them and feedback in order to understand them. One case example is again Riot Games that launched the Riot Games API Beta function three years ago, where community developers can have access to raw data so as to co-develop the games API before it officially launches (Games, 2016a). Gathering feedback from the community also enhances the feeling of trust and commitment to the customers.

So how do game development companies maintain their relationships with the customers? Since the beginning of the digital era, companies have tried to create and maintain customer conversations using digital means. Game development companies collect feedback from the players through online platforms. For example, Riot Games created their “Inside Design” diaries that serves both as a window into development of the latest release and as a community discussion window (Games, 2014a). It is a forum where the company can communicate with the community and collect valuable feedback for sustaining their business.

6.1.2 Interface

One of the components that the VISOR framework uniquely incorporates is the interface. According to the VISOR framework the interface of the product or service should create a “wow” experience for its users.

When it comes to the eSports world, where the experience is the ultimate mean so as to attract customers, creating a “wow” experience is inevitably an important component. In order for the companies to keep their game players and attract more, and since visual details are important to online gaming, they develop games that catch the eye attention and with the possibilities they offer to meet their needs. Given the growth of eSports and the international audience it caters, designers incorporate themes, tones and genres to appeal to the global gaming community. Smite for example, a multiplayer online battle arena game by Hi-Rez Studios, incorporates Greek, Mayan, Japanese, Chinese mythology and more for its tone (Studios, 2016).

Game development companies try to incorporate services within their games to fulfill the need of their customers. Valve Corporation has a watch section in its game where players can also watch games, providing statistics and graphs and even watch third party streams directly inside the client among other enhanced interface functions (*Reborn*, no date). In League of Legends the gamer can customize its character to better match their individual playstyle (Games, 2016b).

When it comes to eSports and its games it is quite important to create that experience for its users since games can be much more attractive when their design and interface aligns with their needs. Game developers have given users the ability to customize the game’s interface to fit their needs. Users can change the interface and add add-ons to match their game play easily and efficiently. World of Warcraft (WoW), from Blizzard Entertainment, is a good example for allowing its users to modify the game’s interface. According to Soren Johnson, designer/programmer for games, the flexibility that WoW allows the players to modify the interface is “…a tacit admission that a game's interface is best developed in concert with the players" (Johnson, 2006). Valve, game developer company of DOTA 2, made interface changes to improve its user's experience (*Reborn*, no date). They are rebuilding the dashboard so as to make it more user friendly.

6.1.3 Service platforms

Another important component that the VISOR framework embodies is the service platform and as El Savy & Pereira describe it, "platforms define the "playing field" upon which partners collaborate, value is assembled, and customers access and discover a value proposition". When it comes to eSports, IT infrastructure is crucial since they depend on the available technology. Game developers must decide which platform delivers their value proposition the best and whether they want to use more than one.

Even though desktop PCs have been the initial platform for eSports games since the internet was first introduced, nowadays game developing companies create games available for other platforms as well, such as mobiles. In 2015 Smilegate Inc., Korea's leading game company introduced STOVE, a mobile service platform providing benefits to developers (Smilegate, no date). With this tool the company's partner developers were able to create games easier than before, using new tools, and gamer traffic would be available to them in order to provide the gaming community with what they liked the most. Skillz is a world leader in mobile eSports and it launched a cross-platform multiplayer system that allows players from iOS and Android devices to compete against each other to the company's eSports competitions (*Home*, no date). This is giving game developers a wider approach in creating games reachable to everyone. Publisher Super Evil Megacorp believes that touchscreen eSports are the future and Heartstone and Vainglory are two mobile electronic sports examples that support this thought since they have a big fan base that is growing (*ESports: Where are the big sponsors?*, 2015a). Microsoft recently created a software development preview kit, the Xbox Live Tournaments Platform, designed to make tournaments easy for developers to integrate into games (Tach, 2016). Gamers will be able to create tournaments to play with their friends making them part of the game fun.

A key resource for game development companies is the real-time feedback they collect from their users. Big companies such as Riot, create BETA sites where users can play the game before the official release and provide feedback so as to better meet their needs. That information is valuable for the game developers, for the designers that process and analyze them in order to develop a game that matches to the maximum the demand. Thus, human resources are very important for game development companies. eSports are primarily played on digital versions and on PCs however, other platforms for some games are available as well such as Smite available on Microsoft Windows, PlayStation 4, Xbox 1 and currently running on OS X (BETA) (*Smite (video game)*, 2016). DOTA 2 is available on Microsoft Windows, OS X and Linux (*Dota 2*, 2016) and the list goes on, however we do see PCs as the main platform being used the most. What the future might hold for the game development companies and their games could be in relation to Virtual Reality software, where players collaborating in an eSports game globally could feel like they are in the same room (*ESports: Where are the big sponsors?*, 2015b). This off course remains to be seen in the future of eSports.

6.1.4 Organizing model

In every industry choosing your partners and carefully organizing your business processes is very important. The eSports industry is no different. When it comes to game development companies, whether they are third party developers or not, they organize processes in order to deliver the value to their customers. The digital world is an ecosystem in which major players compete and cooperate at the same time and all the stakeholders in it are connected with each other one way or another.

As mentioned previously publishers are also actors in the eSports arena. Some game companies both develop and publish games such as Activision Blizzard and Electronic Arts (*Video game publisher*, 2016). Whether game development companies are also publishers or whether they approach third party publishers, it is apparent that they rely heavily on publishers to get their games "out there". Game developers do not have to collaborate with a publisher, however, being supported by one is a key action for many developers as they can provide them with valuable information (Contestabile, 2013). Another key partnership for game developers are their own fans. Game developers nowadays, more than ever, focus on good relations with the customers, thus their fans. With the internet having lowered the boundaries, game developers can communicate with their customers and gather valuable insights in creating a game with them. Co-creating with the gamers is a characteristic of the digital gaming industry. Moreover, game developers use value networks through channels that facilitate communication, in order to deliver an attractive value product. This network of information enables news to be spread throughout the community fast through channels such as Twitch, Facebook and YouTube where relevant topics are discussed. This network is like a forum attracting fans and enthusiasts creating a dynamic exchange between the developers and the community. Within the stakeholder network broadcasters, tournament organizers and sponsors as well affect the value activities of game developers. They help leverage the game, attract attention, and attract sponsors co-creating value with the developers. Partnerships that extend the reach of the games are important for the growth of the eSports industry. Tescent, the largest internet company in Chine, has the majority of stakes of Riot Games and that allows them to reach China directly. In order to reach Europe the company partnered with GOA, the largest European game portal (*The business model of riot games*, no date). Associations within eSports are also players that should be taken into account from game development companies in order to sustain the stability of the industry.

6.1.5 Revenue Model

A business model is considered good when revenues exceed costs and one that is attractive to all partners (El Sawy & Pereira, 2013). In an emerging and growing industry that eSports are in game developers need to take into account their environment to research what prices their customers are willing to pay and what their preferences are.

The question here is how do game development companies earn money from eSports? Not all companies have the same revenue streams and for simplicity reasons I will discuss the most popular eSports games that generate the highest revenues. Riot's popular eSport League of Legends as well as Valve's DOTA2 eSports are free-to-play games, meaning there is no money transaction involved in playing those games. Most of the revenue sources for these games come from online microtransactions, where players pay a small amount of money to buy virtual items and upgrades such as Riot points in League of Legends (*The business model of riot games*, no date). Another revenue stream for game developers are live event revenues from ticket sales (Stuff and profile, 2000) and merchandise sales directly through their website (Games, 2015b). These publishers try to attract as many fans as possible so as to generate revenue by making their game popular. Activision Blizzard, with its eSport World of Warcraft, operates a traditional model in which consumers pay to play as well as using online microtransactions (Games, 2014b). When it comes to the expenses of game developers the main cost is the platform infrastructure, human resources, meaning the employees of the company, including its designers, content creators as constant updates and new content make the game more appealing to its users. Another expense is also the marketing operations in order to increase the visibility of their game and contributing to competition's prize pools is also a big expense that increases the attractiveness of the competition and therefore the teams, the sponsors and advertisers and the end users. Riot also gives its employers (Rioters) $300/year to spend playing any video game genre and to report back with their learning so as to apply it in their games[6].

6.2 Professional eSports Teams

Professional electronic sports teams are a key player in the eSports value chain and without them there would be no competitions, no broadcasting platforms and perhaps not such a growth rate in the industry (researcher's personal thought).

6.2.1 Value Proposition

Data collected from the questionnaires and from secondary data show that teams may have several customers, proposing value in different ways for them. Primarily eSports teams cater for the fans of the electronic sports and the general manager of team Tricked eSport also agrees with that viewpoint. The coach of team Astralis, an eSports team competing in Counter Strike: Global Offensive explained that people who enjoy watching the game are their customers and they are the segment that they aim for. The general manager of EHOME, a Chinese professional team, explained that their customers are the people they do business with, meaning their sponsors for PC peripheral companies, funds, publicly traded companies. Teams can create value for sponsors because they have the chance to create brand awareness in a valuable market segment by associating the brand with the teams and their potential successes. Another segment that eSport teams create value for are consumers that may be interested in team merchandise like clothes with the team's name and logo.

6.2.2 Interface

When it comes to the interface component for teams we have to understand how the teams create and maintain the relationship with the aforementioned customer segments. When it comes to fans teams use digital ways of communicating with them but also face to face meet ups with them.

[6] http://www.riotgames.com/articles/20121029/531/funding-riots-play

This is a way of a team engaging with its fans and creating a friendly environment. Having fans is important for the teams and new digital ways like social media and forums are the most common choice of interacting with them. One of the team's representative explained that it is very important for the team's brand to grow and by making YouTube videos, funny videos and Snapchatting when in tournaments and communicating through Facebook and Twitter as well as Instagram is a key activity. One team respondent pointed out that their response rate on fan pages is 100% within fifteen minutes. It is a mutual belief among the respondents that new interfaces help in expanding a team's brand and that the eSports industry is highly benefited from these new interfaces. Team's webpages that offer merchandise also fall into the scope of the interfaces creating an easy and user friendly to navigate environment.

6.2.3 Service Platform

Digital platforms are a key component for teams. Media platforms help teams in reaching their fans, in communicating and engaging with them. Streaming platforms, like Twitch, are a tool in engaging with fans. One team respondent explained that even though the team was not the best team for 2016 the fan base grew due to the high engagement tactic of players streaming. Platforms are a great way of expanding a team's brand and reaching audiences from all over the world fast and easy. EHOME communicated with fans through reddit, a social news aggregation, content rating and discussion site (*Reddit*, 2016) where they were asked questions and the players answered.

6.2.4 Organizing Model

Teams vary in terms of size, since there are teams that compete in more than one games and more human resources are employed in those scenes. However, a common situation is that teams usually rely heavily on sponsors to pay for their travel expenses, their housing and gear in exchange for brand exposure. One Danish team representative explained that the only partners they have are smaller local brands like the Danish gaming site Danske Spil and a mobile video gaming company called BuildAway. Sponsors and investors was another response from a team representative and HuomaoTV is another sponsor that helps cover some expenses as a response from a Chinese team representative. Teams also have employees that work on different areas of a team's organization such as social media, management, sponsorships, ownership etc. Most of the teams have some volunteers but that is not always the case. One team representative when asked on the partnership existence among fans, competitors, developers, and competition organizers replied that without them the entire scene would not have meaning.

6.2.5 Revenue Stream

When it comes to revenue stream a team's primary revenue source is through sponsorships with partnerships with brands that sponsor teams in exchange for exposure and players wear clothes with the brand's logo on them or they are exposed through social media, websites etc. However, there are other revenue sources like prizemoney, 100% of it or a percentage of it depending on the organization, as well as other sources like streaming, merchandise, investors, online donations and advertising. Team Astralis for example has prizemoney and merchandise as their revenue source, team EHOME has income from sponsors and percentages from the winnings and Tricked esport team has sponsors, partners and investors as their main income sources. New ways to gain money are emerging such as streaming deals with platforms like Twitch where teams stream practice hours. Team Fnatic Counter Strike: Go Offensive had a deal like that with Azubu.tv where they would get money from the company when they streamed for a certain amount of time. Ads can be placed on the streams and are played throughout the broadcast creating an extra revenue source for the teams. Riot Games this year has committed to giving a larger proportion of its revenue to eSports teams to ensure the industry’s stability (Brightman, 2016). As far as the team’s expenses are concerned they have travel and employees salary expenses as the main ones. Off course that is not always the case for all the competitions since some of them might pay a team’s travel costs in order to have them compete in their tournament.

6.3 Competition Organizers

One of key players in the eSports arena is the competition organizers, companies that focus on organizing competitions and events, such as Turtle Entertainment and Major League Gaming. These companies organize several types of events from online tournaments to live tournaments on arenas and stadiums. These companies can be game development companies organizing the event or third-party event oriented companies. Data for the business model of tournament organizers were gathered from both online sources and based on the VISOR framework they are analyzed as follows.

6.3.1 Value proposition

In order to deliver the value proposition competition organizers must know their customers and in the case of eSports the prime customers are the players/teams. It is them that leverage the value provided form the organizers. However, there are more customer segments that these companies care for and they are the viewers, sponsors, content creators, spectators and broadcasters. All these customers increase the value offered by the organizers and thus affect each other and increase their own value as well. As the representative from a competition organization said there are guests that need to be taken into account, like family members and friends that go on site to watch the teams compete. Publishers are also an actor that competition organizers create value for when they host competition on their games thus gaining exposure and attracting more consumers.

The customer segments are there under different reasons. Viewers are offered entertainment and excitement from watching teams compete. For example, Turtle Entertainment’s mission is to create and promote gaming experiences (GmbH, 2012a) and Major League Gaming wants to promote eSports globally and to provide premium gaming content to viewers anytime (*Major League gaming*, no date). Broadcasters, players and content creators are offered job opportunities that turn into incomes. Sponsors are there to become visible and to approach a constantly growing audience. All customer segments are related to each other increasing their value and the value of the organizers. When the prize pools are high they attract better teams and better teams attract more viewers and spectators which they attract more sponsors, broadcasters and content creators. Numbers in the eSports industry, as previously discussed, do not lie and they only keep increasing.

6.3.2 Interface

When it comes to the interface component for competition organizers it is important for them to deliver the value proposition through digital tools. It is important for organizers to offer their value by utilizing those tools and that way they can reach the worldwide audience. Viewers can easily access content, free, attracting more and more fans. Social media are also a widely used interface where users can experience the events and become part of the gamer community, regardless of their physical location. As a representative from the competition organizers said using marketing to promote the competition is valuable and even traditional marketing methods are also utilized like banners and advertisements in cinema rooms. However, also social media and Skype with their user friendly interface are also used in contacting teams and inviting them.

6.3.3 Service platform

The digital platform ecosystem that enables the business processes and support partnerships need to be taken into consideration when it comes to delivering value digitally to customers. Organizers rely upon digital service platforms because they are the ones providing content that helps deliver the value. Social media like Facebook, Twitter are digital tools that generate content as well as blogs and forums dedicated to the eSports field. Websites for tournament and event registrations are also platforms that organizers use to reach a bigger audience. In providing entertainment to viewers streams and tv channels (where available), broadcasting platforms are the most important IT platforms that support and improve the value proposition. Viewers from all over the world are entertained mainly through broadcasting channels and eSports Tv channels if available. Turtle Entertainment, for example, has its own TV station, ESL TV, where live gaming is broadcasted with experts commenting, interviews, highlight videos and live raffles (GmbH, 2012b). Major League Gaming also has a global streaming platform, MLG.tv to offer live gaming events (*Major League gaming*, no date). Twitch is a live streaming video platform and community for gamers where they can watch live games and enjoy creative content (*Twitch.tv*, 2016). YouTube is also a video on demand service facilitating eSports videos and games. There are also available eSports platforms, such as Toornament, for tournament organizers regardless of their size, country, league or competition size that provide free tournament management software, access to data and methods to share them (mobile application, Toornament TV, widgets) through their Developer API (Toornament, information, and use, 2016).

6.3.4 Organizing model

Competition organizers engage in many partnerships that evidently provide for their sustainability. A major partnership relationship is with sponsors. Sponsors become partners with organizers in exchange for visibility in target segments that are of high interest to them. As the competition organizer representative highlighted sponsorships partnerships are a key revenue source for them. Another important partnership is with broadcasting platforms. Broadcasters help grow the industry by delivering live gaming events and it is a relationship currently growing. For example, Electronic Sports League (ESL) has teamed up with Yahoo Esports to broadcast and create new competitive gaming tournaments (Grubb, 2016). Twitch off course is another broadcasting platform as well as YouTube. It is important to emphasize that players/teams that participate and viewers/spectators are also partners with competition organizers in the sense that they are the ones that help them grow. It is with their presence that organizers exist.

6.3.5 Revenue Stream

Competition organizers have several sources of revenue. However, as the organizer representative agreed upon the biggest income is coming from the partnerships they create with sponsors. Other partners can also create revenue for organizers and as the organizer representative from Copenhagen Games explained the city of Copenhagen also supports them. Brands put money in the eSports field through sponsoring competition organizers in exchange for exposure during the competition. Given the high numbers of spectators and viewers and the demographics sponsors are interested in competitions since it is an easy way to be exposed to this target segment. Another revenue source for them, in accordance to the interviewee and secondary data, is the ticket sales. However, ticket sales are not a big source since tickets are usually low in price unless it is a big competition that offers VIP seats for example Valve's International Championship Tournament for DOTA that sold its $499 VIP tickets and general admission tickets for $99 both within an hour (*The economics of competitive video gaming*, 2015). Another source of revenue is the selling of broadcasting rights to platforms such as Twitch and YouTube. Through those rights organizers can get extra income by video advertisers that reach viewers by showing their ads while watching a game. Investors are also a revenue stream especially for big competition organizers, like ESPN, Yahoo and recently Alibaba (*Let's talk about investing in eSports (as explained by the world's largest Internet company)*, 2016). One more revenue source for eSports competition organizers is the selling of merchandise either on site or through their website like Dreamhack, a Swedish organizer does (AB, 2016c)

7 Analysis

In this section the findings are analyzed so as to understand whether the actors discussed co-create value with their customers and how. An evaluation of the framework is conducted to identify if it has been appropriate for the eSports industry analysis. A brief introduction is provided to create a full picture of the industry under research and the concepts used.

7.1 Introduction

With the evolution of technology and the changes that this brought along, changes also came in traditional perspectives on business operations and concept definitions. Concepts of value and value creation have transformed into value co-creation processes. The traditional system of company-centric value creation has moved on to a more customer-centric perspective, since nowadays customers have become informed, connected and active acquiring an important role in the value creation process (Prahalad and Ramaswamy, 2004).

Business models have also been redefined and readjusted so as to fit in this new twenty-first-century economy. Even though the main idea behind the purpose of business models remains the same, the business processes that are being executed have been adapted to keep up with the evolution. Since customers now play a role in this economy, companies try to incorporate them in business operations, in creating experiences with them and for them to gain competitive advantage. Companies can no longer act autonomously with not interaction from the customers but the informed consumers want to engage with the firms and co-create value (Prahalad and Ramaswamy, 2004).

This consumer-centered co-creation of value is a key characteristic of the new digital world as we see that consumers are involved in business processes and they have more market choices and decisions to make based solely on their own lives. Thus, it is important for a firm to understand the changes in value concepts and the industry itself and to define and redefine its business operations to sustain itself in this new environment. This is no easy task and especially in the digital world where the customers have become a global community in which they can communicate with each other and exchange information. Conceptual tools have, thus, emerged to help companies survive and grow. Business model frameworks provide helpful guidelines for the digital business economy.

eSports is an emerging industry that is yet to be mature and is characterized by turbulence and without standards. Structure and stability is not strongly seen in this industry something that both of the interviewees agreed upon is the lack of structure and the need of it. Organizations in the electronic sports industry, therefore, are trying to figure out what works and what does not in this continuously growing scene. This thesis aims to combine the aforementioned elements so as to demonstrate if the use of a conceptual framework is important in understanding how value is co-created among key players in the eSports industry and their customers and how components of this framework can be defined and re-defined to create that value. Thus, this section analyzes the previous findings to demonstrate how value is co-created in the eSports arena and if and how customers are interacting, collaborating, engaging with the organizations to create innovative experiences. Each of the previously discussed actors are individually analyzed on the value co-creation level they work in.

7.2 Game Developers

One customer segment and the biggest for that matter, for game development companies is the gamers whether they are individuals or in teams. The question here is how the game developers co-create value with the gamers. First of all, it should be understood that users that play an eSports game can be located anywhere in the world that has access to the internet. Having access to the internet also allows them to have access to online information about the game, its content but it allows them to create online gaming communities where they can chat, discuss, comment, interact with each other. They are not just given a game but they are given a choice to decide if they want to play that game or not co-creating value with it or not.

One way for game developers to interact with the gamers and to engage with them is by allowing them to become part of the game creation. Riot Games for example, launched the Riot Games API Beta where players can play with their game prior to its release in order to provide feedback to them about the game. The company engages the players to co-create the game, the want the community's contribution because it is them that the game is created for and with their feedback they will create a game that is based on their needs. Moreover, the company provides them with developer guidelines and a discussion webpage. Another action the company has taken is the "Inside Design" developer diaries that serves as a dialogue window where the game development team members share their personal challenges and triumphs and start conversations with the community to address them. Valve is another example where the company has created the valve Playtester Survey for users to fill out if they want to visit the company and playtest released and unreleased version of their games. However, this is available only for users available to physically be present at the company. Also, some eSports games allow users to create their own virtual character and customize their interface. What a user wants to see on his screen when playing the game is an available option, something that creates an innovative experience for the customer-gamer. Off course game development companies have a social media platform presence where they interact with the gaming community and engage in social interactions. It should be acknowledged that digital tools are a key element in the co-creation process with the gaming community.

Another customer segment for the development companies is the competition organizers since without their games they would not exist in organizing eSports competitions. Valve, for its eSport game Counter Strike: Global Offensive collaborates with competition organizers and sponsors three to four competitions per year with a larger prize pool. This collaboration, as one of the interviewees agreed upon, creates value for the competition organizers in increasing the attractiveness of the competition because there is a larger prize pool something that also increases the number of spectators and viewers and that eventually creates value for the company because as a result the popularity of the game is also increased. Blizzard is another example of a game development company that cooperates with competition organizers, when for example they host qualifying tournaments with Dreamhack.

On the other hand there is Riot Games that denies competition organizers to host competition on their game (League of Legends) and host their own game competitions, signing exclusivity contracts with teams. This does not allow independent competition organizers to co-create value with the company. As the competition organizer representative explained this is not a positive situation for smaller competition organizers since the top tear 1 teams cannot participate in them. However, the interviewee mentioned that this is probably something that himself would have done if he was in their place.

7.3 Teams

Three of the respondents, including two team representatives, agreed that their primary customer is the fans, the game enthusiasts, the gaming community including the viewers. All of the team representatives replied that using social media is the main way of interacting with the fans. It is these platforms that help the enthusiasts engage with the teams by being kept up to date with their progress. Teams use online platforms, like forums to create conversations between them and their fans, something that increases the engagement and the community feeling for them. EHOME esports team did that creating a forum discussion before the beginning of a competition.

Sponsors are also customers for teams. Teams want to reach sponsors so as to provide sponsorships that will help the team with covering some of their expenses. Sponsors have the chance to have their brand associated with a team resulting in potential success through increased visibility. The competition organizer interviewee discussed how brands know that sponsoring a team does not necessarily mean an increase in their sales but they want to associate their brand with something positive. Teams that are sponsored usually have brand logos on their tournament appearances and they demonstrate them through their social media and team's websites.

7.4 Competition organizers

When it comes to competition organizers it is only natural that their customers are the players/teams. Competition organizers continuously interact with the players to gather feedback mainly through online engagements like social media. Players share their experiences of participating in a competition, increasing visibility and popularity of the competition. This is something that attracts possible sponsors, investors, brands that see the potentials in the eSports industry. Electronic Sports League (ESL), a company that organizes competition worldwide creates online content that includes, besides relevant news, information on competing teams, highlight competition videos etc creating conversations around the teams. Without the participation and enthusiasm of the competitors there would be no value to begin with and with them and their engagement value is co-created. Even with smaller competitions like Copenhagen Games and according to the representative, feedback is always collected from the players through online means so as to grow the competition. One thing the company needs to address, according to the interviewee is engaging into conversations with the guests of Copenhagen Games, to understand what they want. When teams participate in a competition they co-create value with them since they create awareness and help the company grow. The Copenhagen Games interviewee said that in their last competition they had to turn down some teams that wanted to participate because there was no space for them. Another innovative way for co-creating value with the teams was created from Esports Championship Series (ECS) which is offering teams the opportunity to pay for co-ownership of the tournament, increasing the stability of the industry (Te, 2016).

Other customer segments that competition organizers want to attract are the spectators and the viewers of the tournaments. The way spectators and viewers co-create value with the organizers is like a chain: when competitions attract more spectators and viewers that also attracts sponsors, investors, brands and that grows the organization behind the competition. eSports enthusiasts create a gaming community that grows in the online world expanding globally. Organizers co-create experiences with the community whether it is on-site or online. Furthermore, partnerships are created with streaming platforms where viewers can watch live games or video-on-demand. Online forums are also a digital tool for engaging gaming enthusiasts and creating conversations.

Sponsors are also a target segment for organizers. When sponsors become part of a competition they gain visibility for their brand and have easy access to a big number of target customers. When tournament organizers partner with sponsors the prize pool is larger, more players are interested and the organization grows.

7.5 Framework evaluation

The VISOR business model framework upon which the business models of the actors were created was used as a tool to gain a better understanding on how organizations in the emerging eSports industry can co-create value with their customers. The framework manages to incorporate the notion of value creation in relation to its environment and especially in the digital world. The technology components it addresses are extremely important in the eSports industry, which is based on the delivery of digital services. I was able to combine the components of interface and service platforms in identifying co-creation processes using technology. The framework guided me in understanding the business processes actors in the industry undertake but it was not easy to understand the creation co-created between organizations and customers given the fact that each organization has several customers. However, implementing the framework within the still emerging electronic sports industry was a challenging task since the organizations had to be analyzed on the co-creation practices between them and the customer and in the case of eSports there is not just one customer segment. Furthermore, the lack of previous empirical researches made it even more challenging to investigate.

8 Discussion

In this section the research question and objectives are discussed addressing the findings and analysis presented. Separate sub-sections are created for each element so as to examine the level of understanding of each one. The objectives are first discussed leading to the answer of the main research question.

8.1 The eSports industry

In this study the eSports scene has been discussed with the several actors involved in it. The creation of this scene was discussed and the different players related to it have been demonstrated. Creating an overview of this emerging industry proved to be of extreme help in gaining a better understanding of the actors and their inter-relations. The first objective thus has been to investigate the electronic sports field and its actors.

In the process of fulfilling this objective, the findings and analysis made it clear that even though there are many actors in the industry they do not act alone and that more or less interact with each other creating a digital network. Previous sections made it clear that the eSports industry is a complex one and given the emerging level they are in, it is not easy to describe one actor without discussing its interaction with the rest. eSports are in the center of the digital world where clear boundaries cannot be drawn. However, each of the players was described in order to create an overall picture for the reader.

8.2 Concepts of value, value creation, value co-creation and business models

The second objective that this study examined was the understanding of concepts that have existed in the literature so as to enable the researcher to answer the research question. These concepts were put under the microscope in the “literature review” section where several researchers have demonstrated their perceptions.

The concept of value has received an extended interest by academics. Value can be seen through an economic viewpoint where the price element is its logic (Schechter, 1984) or as having an extra perception of how the customer perceives the value of a good based on his individual needs (Bowman and Ambrosini, 2000). Others see the concept of value as the difference between the benefits of a product and the sacrifices made (Zeithaml, 1988).

Value creation has also been examined from several perspectives. It has been defines as the process of a firm innovating, producing and delivering value to the market (Mizik and Jacobson, 2003) or adding to this the consumer’s valuation on the benefits of the consumption (Priem, 2007). Lepak and co-authors (2007) explain that the notion of value creation is not well understood and that the extent to which value is created depends on how the target user realizes the created value. Amit and Zott (2001) apply the concept in an empirical study on e-business and argue that value creation is dependent on the elements of efficiency, complementarities, lock-in and novelty.

Combining the concepts of value and value creation, the concept of value co-creation has been examined and outlined in the "literature review" section of this thesis. Vargo and Lusch (2004a, 2004b) provided a foundation for the service dominant (S-D) logic that stated that consumers ae co-creators of value and co-producers since they are constantly creating value with the firm since even after a product is bought the consumer uses it based on his needs. Prahalad and Ramaswamy (2004) supported an interesting perspective that of consumers co-creating unique customer experiences with the firm. They emphasize that especially within the technology enhanced world customers are very well informed and active, having the power to co-create value with the company of their choice.

The concept of business model has also been encountered in numerous researches that seek to explain it and its usefulness for businesses. Magretta (2002) suggests that creating a business model is like telling a story and she puts business models and value creation in a close relation. Chesbrough and Rosenbloom (2002) support that business models are tools that mediate between technological inputs and economic value as the output.

The research question that initiated this study was:

"How can the relation between the concepts of value co-creation and business model design be understood by the various actors in the eSports industry?"

To answer this question the concepts of a business model and value co-creation were combined and applied in the eSports scene. Theoretical review proved to be short in such a relation and especially in providing empirical foundation. Prahalad and Ramaswamy (2004) were among the few that created the DART (dialogue, access, risk-benefits, transparency) model to understand the interaction between the company and consumer in co-creating value. Storbacka et all (2012) emphasize the importance of a business model for a company and they identify twelve categories of business design elements that should be defined and re-defines co-creation of value. Omar El Sawy (2013) identified the dynamics of the digital world and the importance of digital business models by creating a unified framework in which business components are categorized in five building blocks. This framework (VISOR framework) was used in this study due to the fact that it incorporates two technological components (interface, service platforms) that are of high importance in the electronic sports scene. The framework worked as a tool of analysis for this research so as to understand the extent of value co-creation between the actors and their customers, through the lens of the framework.

The findings and the analysis conducted demonstrated how important it is in this industry for organizations to expand their boundaries and co-create value with the customers. Technological innovations are of great importance for the eSports scene since value created in it is based on technological achievements. Actors in the eSports industry interact with their customers in a way that creates innovative experiences with them and for them. There is a constant co-creation of value among them because it is an evolving industry where strong foundations are being built to sustain and grow it. Customers in this scene have a strong "saying" in sustaining it and organizations need to realize that co-creating with them is the path to growth. Data and statistics provided in this study demonstrate the growing size of the eSports field and its future is predicted to be long. Both interviewees agreed that having no borders when it comes to the internet was the starting point for the growth of eSports and along with that came the increased numbers of players and viewers. Technological achievements allow value co-creation and make it easier for global reach. One of the interviewees actually takes as an example the football growth and the 150 years it took for it to get where it is compared to the same growth for eSports but within 17-18 years.

9 Conclusion

9.1 Concluding remarks

The purpose of this thesis has been to further understand the connection between co-creation and business model dynamics providing an empirical research on the industry of eSports. I reviewed theoretical approaches on the concepts of value, value creation, value co-creation and business models and I applied the VISOR business model framework proposed by Omar El Sawy (2013) on key actors in the eSports scene.

The research question of this dissertation was to examine blab la bla. The actors that were analyzed were the game development companies, the professional teams and the competition organizers. The findings suggested that these players co-create in a great degree with their customers however not always in the same manner. Innovative experiences are co-created to better fulfill the needs of the customers. The use of the technology has proven fundamental when it comes to reaching customers and co-creating with them. Some organizations have created ways to interact like that with their customers at a higher level than others but the basis remains the same. Overall, it was found that defining and re-defining digital business models is a key process in identifying and co-creating value with the customers.

In order to answer the research question two objectives were drawn. The first one was to understand the eSports scene and its various actors. The growth of the industry has been outlined providing information and statistics that demonstrate this increasing growth. The various players have been discussed along with examples from representatives to further understand their status and role in the eSports ecosystem.

The second objective that was drawn was to understand and examine the theoretical concepts related to this study and mentioned throughout the thesis. Various definitions have been discussed, proving the variety of definitions and understandings when put under different perspectives.

9.2 Future Research

Research limitations coupled with new findings create unanswered questions that are the basis for new researches. Future studies could include different approaches to deeper understand the relation between value co-creation and business model design. Such approaches could be to investigate deeper a single actor within the eSports industry or to expand the approach including all of the actors in the scene or even limit that to a specific geographic area. Furthermore, a research on value co-creation in a networked environment, among the actors of the eSports field may be approached.

REFERENCES

ACADEMIC REFERENCES

Prahalad, C., & Krishnan M. S. (2008). *The new age of innovation: Driving cocreated value through global networks*. New York: McGraw-Hill Professional.

Verna Allee, (2000),"RECONFIGURING THE VALUE NETWORK", *Journal of Business Strategy*, Vol. 21 Iss 4 pp. 36 – 39.

Wagner M (2007) Competing in metagame gamespace: eSport as the first professionalized computer metagames. In: von Borries F, Walz SP, Be` ottger M, et al. (eds) *Space Time Play: Synergies between Computer Games, Architecture and Urbanism: The Next Level*. New York: Springer, pp. 182–185.

Buchanan-Oliver, M. and Seo, Y. (2012). Play as co-created narrative in computer game consumption: The hero's journey inWarcraft III. *Journal of Consumer Behaviour*, 11(6), pp.423-431.

Molesworth M (2009) Adult's consumption of videogames as imaginative escape from routine. *Advances in Consumer Research* 36: 378–383.

Thiborg J (2009) eSport and governering bodies – An outline for a research project and preliminary results. In: *Kultur-Natur conference*, Norrkoping, 15–17 June.

Witkowski, E. (2012). On the Digital Playing Field: How We "Do Sport" With Networked Computer Games. *Games and Culture*, 7(5), pp.349-374.

Seo, Y. (2013). Electronic sports: A new marketing landscape of the experience economy. *Journal of Marketing Management*, 29(13-14), pp.1542-1560.

Edwards, T. F. (2013, April 30). Esports s: A Brief History | Gaming | ADANAI. Retrieved November 5, 2016, from http://adanai.com/Esports/

Pateli, A. and Giaglis, G. (2004). A research framework for analysing eBusiness models. *European Journal of Information Systems*, 13(4), pp.302-314.

Magretta, J. (2002). Why business models matter. *Harvard Business Review* / vol. 80, no. 5.

Chesbrough, H., & Rosenbloom, R. (2002). The role of the business model in capturing value from innovation: Evidence from Xerox Corporations technology spinoff companies. *Industrial and Corporate Change*, *11*(3), 529-555.

Osterwalder, A., Clark Tim, & Pigneur Yves. (2010). *Business model generation: A handbook for visionaries, game changers, and challengers*. Hoboken, NJ: Wiley.

Schmierbach, M. (2010). "Killing Spree": Exploring the Connection Between Competitive Game Play and Aggressive Cognition. *Communication Research*, *37*(2), 256-274.

Chesbrough, H. (2002). The role of the business model in capturing value from innovation: evidence from Xerox Corporation's technology spin-off companies. *Industrial and Corporate Change*, 11(3), pp.529-555.

Hutchins, B. (2008). Signs of meta-change in second modernity: the growth of e-sport and the World Cyber Games. *New Media & Society*, 10(6), pp.851-869.

El Sawy, O. and Pereira, F. (2013). *Business modelling in the dynamic digital space*. 1st ed. Berlin: Springer.

Saunders, M., Lewis, P. and Thornhill, A. (2007). *Research methods for business students*. 1st ed. Harlow, England: Financial Times/Prentice Hall.

Schechter, L. (1984). A normative conception of value. *Progressive Grocer, executive report*, *2*, 12-14.

Zeithaml, V. A. (1988). Consumer perceptions of price, quality, and value: a means-end model and synthesis of evidence. *The Journal of marketing*, 2-22.

Bowman, C., & Ambrosini, V. (2000). Value creation versus value capture: towards a coherent definition of value in strategy. *British Journal of Management*, *11*(1), 1-15.

Lepak, D., Smith, K., & Taylor, M. (2007). Introduction to Special Topic Forum: Value Creation and Value Capture: A Multilevel Perspective. *The Academy of Management Review, 32*(1), 180-194.

Mizik, N., & Jacobson, R. (2003). Trading off between value creation and value appropriation: The financial implications of shifts in strategic emphasis. *Journal of marketing*, *67*(1), 63-76

Priem, R. (2007). A Consumer Perspective on Value Creation. *The Academy of Management Review, 32*(1), 219-235.

Vargo, Maglio, & Akaka. (2008). On value and value co-creation: A service systems and service logic perspective. *European Management Journal, 26*(3), 145-152.

Storbacka, K. et al. 2012, "Designing Business Models for Value Co-Creation", Emerald Group Publishing Limited, Vol. 9, pp.51-78

Amit, R., & Zott, C. (2001). Value Creation in E-Business. *Strategic Management Journal, 22*(6/7), 493-520.

Prahalad, C., & Ramaswamy, V. (2004). Co-creation experiences: The next practice in value creation. *Journal of Interactive Marketing, 18*(3), 5-14.

Vargo, S. L., & Lusch, R. F. (2004a). Evolving to a new dominant logic for marketing. *Journal of Marketing, 68*, 1–17

Vargo, S. L., & Lusch, R. F. (2004b). The four services marketing myths: Remnants from a manufacturing model. *Journal of Service Research*, 324–335

Scholz, T. (n.d.). What Can We Learn from Game Leadership?. *SSRN Electronic Journal*.

Chesbrough, H. (2010). Business Model Innovation: Opportunities and Barriers. *Long Range Planning*, *43*(2), 354-363.

ELECTRONIC REFERENCES

Research, S. (2016) *Games data and market research » the MMO & MOBA games market report, 2016*. Available at: https://www.superdataresearch.com/market-data/mmo-market/ (Accessed: 15 November 2016).

Newzoo. (2016a). *Esports Market Research & Insights | Newzoo*. [online] Available at: https://newzoo.com/insights/markets/esports/ [Accessed 19 Nov. 2016].

Usmani, B. (2016). *Is it time for eSports gamers to be recognised as athletes?*. [online] the Guardian. Available at: https://www.theguardian.com/technology/2016/jun/08/esports-pro-video-gamers-recognised-athletes [Accessed 17 Nov. 2016].

Eurogamer.net. (2016). *The OGA*. [online] Available at: http://www.eurogamer.net/articles/oga [Accessed 21 Oct. 2016].

En.wikipedia.org. (2016d). *Riot Games*. [online] Available at: https://en.wikipedia.org/wiki/Riot_Games [Accessed 1 Dec. 2016].

Atari-investisseurs.fr. (2016). *About Atari | ATARI Investisseurs*. [online] Available at: http://www.atari-investisseurs.fr/a-propos/?lang=en [Accessed 9 Nov. 2016].

En.wikipedia.org. (2016a). *Cyberathlete Professional League*. [online] Available at: https://en.wikipedia.org/wiki/Cyberathlete_Professional_League [Accessed 17 Nov. 2016].

En.wikipedia.org. (2016b). *Nintendo World Championships*. [online] Available at: https://en.wikipedia.org/wiki/Nintendo_World_Championships [Accessed 1 Dec. 2016].

En.wikipedia.org. (2016c). *ESports*. [online] Available at: https://en.wikipedia.org/wiki/ESports [Accessed 17 Nov. 2016].

GAMURS. (2016). *The Evolution of eSports*. [online] Available at: https://gamurs.com/articles/the-evolution-of-esports [Accessed 20 Nov. 2016].

Majorleaguegaming.com. (2016). *Major League Gaming*. [online] Available at: http://www.majorleaguegaming.com/about [Accessed 13 Nov. 2016].

AB, D. (2016a). *What is DreamHack? « Dreamhack*. [online] Dreamhack.se. Available at: http://www.dreamhack.se/DHS11/event-information/what-is-dreamhack/ [Accessed 14 Nov. 2016].

Tyler F.M. Edwards. (2013). *eSports: A Brief History*. [online] Available at: http://adanai.com/esports/ [Accessed 15 Nov. 2016].

En.wikipedia.org. (2016d). *Riot Games*. [online] Available at: https://en.wikipedia.org/wiki/Riot_Games#Games [Accessed 16 Nov. 2016].

Kasten Matt (2014). *eSports: Are Pro Gamers the Athletes of the Future?*. [online] Matt Kasten. Available at: http://www.sporttechie.com/2014/11/19/trending/esports-are-pro-gamers-the-athletes-of-the-future/ [Accessed 17 Nov. 2016].

Newzoo. (2016a). *About Newzoo*. [online] Available at: https://newzoo.com/about/ [Accessed 10 Nov. 2016].

Newzoo. (2016b). *Esports Revenues in 2016 will Reach $493 Million | Newzoo Esports*. [online] Available at: https://newzoo.com/insights/articles/esports-revenues-2016-adjusted-upward-493m/ [Accessed 1 Dec. 2016].

Newzoo (2016c). *Online Video 2016 | Newzoo & nevaly Infographic*. [online] Available at: https://newzoo.com/insights/infographics/lets-play-global-2016/ [Accessed 10 Nov. 2016]

Esportsearnings (2016a) *Top Teams of 2016*. (2016). [online] Available at: http://www.esportsearnings.com/history/2015/teams [Accessed 10 Nov. 2016].

Esportsearnings (2016b) *Top Games of 2016*. (2016). [online] Available at: http://www.esportsearnings.com/games [Accessed 10 Nov. 2016]

Bräutigam, T. (2015, September 15). *Esports statistics: The growth of our industry in five charts - the Esports observer*. [online] Available at: http://esportsobserver.com/esports-statistics-the-growth-of-our-industry-in-five-charts/ [Accessed 11 Nov. 2016].

Activision blizzard (2016) in *Wikipedia*. [online] Available at: https://en.wikipedia.org/wiki/Activision_Blizzard (Accessed: 21 November 2016) [Accessed 11 Nov. 2016]

Newzoo (2016d) *Top video game companies | by revenue*. Available at: https://newzoo.com/insights/rankings/top-25-companies-game-revenues/ (Accessed: 21 November 2016).

World eSports association (2016) in *Wikipedia*. Available at: https://en.wikipedia.org/wiki/World_eSports_Association (Accessed: 12 November 2016).

AB, D. (2016b) *ABOUT « Dreamhack DreamHack winter 2016*. Available at: https://www.dreamhack.se/dhw16/about/ (Accessed: 20 November 2016).

ESports (2016) in *Wikipedia*. Available at: https://en.wikipedia.org/wiki/ESports#Tournaments (Accessed: 18 November 2016).

Earnings, e.-S. (2016) *Dota 2*. Available at: http://www.esportsearnings.com/games/231-dota-2 (Accessed: 20 November 2016).

Earnings, e.-S. (2012a) *Wings gaming - eSports team summary: E-sports earnings*. Available at: http://www.esportsearnings.com/teams/507-wings-gaming (Accessed: 18 November 2016).

Earnings, e.-S. (2012b) *Evil geniuses - eSports team summary: E-sports earnings*. Available at: http://www.esportsearnings.com/teams/101-evil-geniuses (Accessed: 19 November 2016).

Mineski (2016) *From G2A to hotsauce: The importance of sponsors in Esports*. Available at: http://www.mineski.net/news/dota-2-team-np-fym-hot-sauce-eternal-envy-sponsors-esports (Accessed: 20 November 2016).

Nemer, H. and Staff, J. (2016) *Label-less coca-cola cans tackle prejudice during Ramadan*. Available at: http://www.coca-colacompany.com/stories/playing-for-community-league-of-legends-worlds-2016 (Accessed: 23 November 2016).

Liquid, T. (2002) *Sponsors - team liquid - professional Esports organization*. Available at: https://www.teamliquidpro.com/partners (Accessed: 29 November 2016).

Baysinger, T. (2016) *As eSports grows online, TV networks like TBS and ESPN are hoping to cash in*. Available at: http://www.adweek.com/news/technology/esports-grows-online-tv-networks-tbs-and-espn-are-hoping-cash-169436 (Accessed: 19 November 2016).

Home (2012) *ESports casting, an underrated art*. Available at: http://www.vvv-gaming.com/forum/blogs/entry/5636-esports-casting-an-underrated-art/ (Accessed: 19 November 2016).

e SportsBets (2016) *Best eSports betting sites 2016 - eSports betting site reviews*. Available at: http://www.esportsbets.com/reviews/ (Accessed: 19 November 2016).

White, D.W. (2016) *ESports: A market preparing to explode*. Available at: https://businesssideofsports.com/2016/03/08/esports-a-market-preparing-to-explode/ (Accessed: 19 November 2016).

Gaudiosi, J. (2015) *Global ESports revenues to surpass $1.9 billion by 2018*. Available at: http://fortune.com/2015/10/28/global-esports-revenues-nearing-2-billion/ (Accessed: 20 November 2016).

Lefton, T. and Writer, S. (2015) *It's game on for e-sports*. Available at: http://www.sportsbusinessdaily.com/Journal/Issues/2015/11/02/In-Depth/ESports.aspx?hl=esports&sc=0 (Accessed: 19 November 2016).

Technologies, G. (2016) *ESports revolution: Changing the business model*. Available at: http://www.genvidtech.com/2016/05/04/esports-revolution-changing-the-business-model/ (Accessed: 13 November 2016).

Statista, S. (2016) *ESports games global playerbase 2015 | statistic*. Available at: https://www.statista.com/statistics/506923/esports-games-number-players-global/ (Accessed: 19 November 2016).

Games, R. (2015a) *The riot manifesto*. Available at: http://www.riotgames.com/riot-manifesto (Accessed: 19 November 2016).

Games, R. (2016a) *Riot games API launches into beta*. Available at: http://www.riotgames.com/articles/20131210/1062/riot-games-api-launches-beta (Accessed: 19 November 2016).

Games, R. (2014a) *Rioters talk shop about upcoming features*. Available at: http://www.riotgames.com/articles/20140910/243/rioters-talk-shop-about-upcoming-features (Accessed: 19 November 2016).

Studios, C.H.-R. (2016) *SMITEgame.Com*. Available at: https://www.smitegame.com/gods/ (Accessed: 20 November 2016).

Reborn (no date) Available at: https://www.dota2.com/reborn/part1 (Accessed: 21 November 2016).

Games, R. (2016b) *League of legends*. Available at: http://gameinfo.na.leagueoflegends.com/en/game-info/ (Accessed: 22 November 2016).

Johnson, S. (2006) *A Moveable Interface…*. Available at: http://www.designer-notes.com/?p=26 (Accessed: 28 November 2016).

Reborn (no date) Available at: https://www.dota2.com/reborn/part1 (Accessed: 19 November 2016).

Smilegate (no date) *Smilegate*. Available at: https://www.smilegate.com/en/prcenter/prcenterView.asp?boardIdx=174 (Accessed: 29 November 2016).

Home (no date) Available at: http://corp.skillz.com/ (Accessed: 28 November 2016).

ESports: Where are the big sponsors? (2015a) Available at: http://www.gamesindustry.biz/articles/2015-11-03-esports-are-big-advertising-should-be-bigger (Accessed: 28 November 2016).

Tach, D. (2016) *New Xbox live tournaments platform is for developers, players and esports leagues*. Available at: http://www.polygon.com/2016/3/16/11246466/xbox-live-tournaments-platform-developers-esports-leagues-esl (Accessed: 30 November 2016).

Smite (video game) (2016) in *Wikipedia*. Available at: https://en.wikipedia.org/wiki/Smite_(video_game) (Accessed: 30 November 2016).

Dota 2 (2016) in *Wikipedia*. Available at: https://en.wikipedia.org/wiki/Dota_2 (Accessed: 30 November 2016)

ESports: Where are the big sponsors? (2015b) Available at: http://www.gamesindustry.biz/articles/2015-11-03-esports-are-big-advertising-should-be-bigger (Accessed: 30 November 2016)..

Video game publisher (2016) in *Wikipedia*. Available at: https://en.wikipedia.org/wiki/Video_game_publisher (Accessed: 30 November 2016).

Contestabile, G. (2013) *Independent developers need partners, not 'publishers'*. Available at: http://www.gamesbrief.com/2013/08/independent-developers-need-partners-not-publishers/ (Accessed: 31 November 2016).

The business model of riot games (no date) Available at: http://www.businessmodelsinc.com/the-business-model-of-riot-games/ (Accessed: 30 November 2016).

Stuff, T.W. and profile, V. my complete (2000) *The role of publishers in esports*. Available at: https://adrianpenningtonthewritestuff.blogspot.dk/2016/09/the-role-of-publishers-in-esports.html (Accessed: 30 November 2016).

Games, R. (2015b) *Riot games Merch*. Available at: https://euw.merch.riotgames.com/en/ (Accessed: 30 November 2016).

Games, R. (2014b) *Funding riot's play*. Available at: http://www.riotgames.com/articles/20121029/531/funding-riots-play (Accessed: 30 November 2016).

Reddit (2016) in *Wikipedia*. Available at: https://en.wikipedia.org/wiki/Reddit (Accessed: 30 November 2016).

Brightman, J. (2016) *Riot commits to revenue sharing with LoL eSports players*. Available at: http://www.gamesindustry.biz/articles/2016-09-23-riot-commits-to-revenue-sharing-with-lol-esports-players (Accessed: 30 November 2016).

GmbH, T.E. (2012a) *Turtle entertainment: Company*. Available at: https://www.turtle-entertainment.com/company/ (Accessed: 30 November 2016).

Major League gaming (no date) Available at: http://www.majorleaguegaming.com/about (Accessed: 30 November 2016).

Twitch.tv (2016) in *Wikipedia*. Available at: https://en.wikipedia.org/wiki/Twitch.tv (Accessed: 30 November 2016).

Toornament, information, your es.p. and use, T. of (2016) *About Toornament*. Available at: https://www.toornament.com/about (Accessed: 30 November 2016).

GmbH, T.E. (2012b) *Turtle entertainment: ESports*. Available at: https://www.turtle-entertainment.com/esports/ (Accessed: 30 November 2016).

Grubb, J. (2016) *Yahoo Esports partners with organizer ESL to broadcast events and create new tournaments*. Available at: http://venturebeat.com/2016/08/26/yahoo-esports-partners-with-organizer-esl-to-broadcast-events-and-create-new-tournaments/ (Accessed: 30 November 2016).

The economics of competitive video gaming (2015) Available at: https://smartasset.com/insights/the-economics-of-competitive-video-gaming (Accessed: 30 November 2016).

Let's talk about investing in eSports (as explained by the world's largest Internet company) (2016) Available at: http://esports.inquirer.net/14522/lets-talk-about-investing-in-esports-as-explained-by-the-worlds-largest-internet-company (Accessed: 30 November 2016).

AB, D. (2016c) *Dreamhack DreamHack winter 2016*. Available at: http://www.dreamhack.se/dhw16/ (Accessed: 30 November 2016).

Te, Z. (2016) *ECS is inviting teams to sign up for co-ownership of the league*. Available at: https://esports.yahoo.com/ecs-is-inviting-teams-to-pay-for-co-ownership-of-the-tournament-223323124.html (Accessed: 30 November 2016).

APPENDICES

Appendix A- Questionnaire for eSports Teams

Copenhagen Business School of Denmark, CBS

Business Administration and IT information

Dissertation Title: **What is the underlying business model of eSports?**

Author: **Evgenia Ntovinou, M.Sc. Student**

Contact info: entovinou@gmail.com

Personal information

Interviewee's name:

Profession:

For Value Proposition

1. Who are your customers?

2. What are your main goals?

   -(linking) Can we consider that the team's value proposition?

For Interface and Service Platforms

1. How many fans does the team currently have?
   -(linking) Why do you think you have that many fans?(what is it that they value about your team?)
   - (linking) Is it your goal to reach more?
   -(linking) How does the team engage/communicate with the fans?

2. Do you believe new interfaces (mobiles, broadcasters, TV channels, your website etc.) help in attracting more fans for your team?
   -(linking) From your experience do you believe interface evolvement is the main reason for the growing numbers of eSports?

3. Do you believe digital platforms (Facebook, streaming platforms, Twitch, YouTube) have enhanced the team's value and if so in what way?

For Organizing Model

1. How many workers does the team employ?
   -(linking) Are there volunteers?

2. Who are your key partners?
   -(linking) Do you believe fans, competitors, game developers and tournament organizers are partners as well? (do they enhance the team's value?)
   -(linking) Why do you believe that?

For Revenue Model

1. What are the team’s current expenses?
2. What are the team’s revenue streams?
3. Have you considered streaming as a source of income?

Business model Questions

1. Do you use a business model?
2. What do you think is the safest way for an eSports team to ensure revenue and achieve stability?

General questions

Why do you believe eSports has grown and is still growing so fast in such a short time?

What do you believe the future holds for eSports?

What do you think needs to change?

Do you believe regulation organizations have a positive effect on teams and on your team?

Do you believe that off- the-eSports industry brands are a key resource for the expansion of the field?

General comments (if any):

Appendix B- Interview Transcription with Zahid Butt

EN: So, um to begin with some introduction about me and the reason behind this interview. My name is Evgenia Ntovinou and I am currently writing my thesis for CBS, on the business models in ePsorts and value creation. So basically I am exploring the business operations of game developers, teams and competition organizers. Would you like to introduce a little bit about yourself and how you are involved.

ZB: Sure, um, my name Zahid, as you know and I ve been working with eSports since 1999. We have developed some of the biggest eSports activities in Denmark since. Started out with slak.dk which was an online tournament community and until this day it has been the biggest tournament community in Denmark ever. Even the new things we are doing, we haven t been able to kind of get bigger than what slak was. Then we have developed Copenhagen Games and work with that still and we are now also developing esport.dk, where the target is to make it as you know the portal of Danish eSPorts. So that s our main project, apart from those we do a lot of esports activities throughout the whole year, we have sponsor activities a few weeks back, we did the tournament together with Microsoft and I am also part of Comic on Copenhagen which is another thing so we do a lot of different things but the main thing for us is that we have been and still are a part of the foundation of Danish eSports.

EN: Ok, Um so does the company have a business model?

ZB: We started out as a volunterali project and we are still work as a voluntary project, most of the things we do. Off course something like Copenhagen Games cannot remain as a voluntary project because it s become so big so time consuming that we need to figure out how to make money into this. I quit my job to work with this and that s just to tell the need for finances is bigger now than ever. So Copenhagen Games cannot be a voluntary project but esports.dk is. We do have the ambition that at some point we will move that up to a commercial product but not right now. Right now Denmark needs a few eSports communities and for that reason we don t want to put in a lot of commercial activities yet. So our model is if you wanna look at it like that because asking for a business model is a very big question, you know, in terms of how is the crew organized, how is the finance organized how is everything organized, so it s a huge question to give me but anyways basically Copenhagen Games is driven from a game company which is called the games service aps and is a totally full grown commercial project. We are around 200 people working with Copenhagen Games, some are on salary some are volunteers. During the event, in the old days we had a very flat organization, so we didn t have a lot of what you call them in English… which is I don t remember the English name actually but it was a very flat organization with not many levels.But we were forced to change that since the event is growing and I needed to ind of outsource a lot of the stuff that I was working with because it s become too big. So we were forced to do this so the structure for that party is actually quite simple. We divided the whole event up into small sections like we have the technical part, which is network and service and stuff like that so we have one person that is responsible for that and then we have another example is sales, so we have one person that is responsible for sales no and so on so everything is kinda of divided under these eople they have their own team.

EN: Like departments lets say right?

ZB: Exactly, it s like standard company department or divisions if you like so everyone has kinda their own area someone is responsible and then also is responsible for the team behind him.

EN: So, um where do your revenues come from? How do you earn money?

ZB: Yeah, off course we have you know like everything else, we have some income and we have some costs. It s about growing the income and decreasing the costs lets say, but just to look at, to give you some samples we have ticket sales, which is for both players and for guests, we have sponsorships, sponsorships is one of the biggest costs, we have boot sales or boot rent if you like, then we have also some support from the city, Copenhagen we have also the sales. So we actually bought out the company that had the right of selling food and beverage. It s very normal in Denmark that all of these venues have their own, the entity who has the rights towards sales of food and beverage. So we actually bought them out because they didn t understand how to work with us. So at first it wasn t to the business, I wanted to make sure that since we have these youngsters, they are staying at the venue like 4 days and they need to have breakfast and dinner and food and drink and it s not fair that they have to buy at the prices, which are normally where we have exhibition prices and off course for him this was a business so we told him this is not working because our people actually go out to eat and drink and we don t wanna have this happen so we bought him out and then we kinda took control of the sales ourselves and that now has become a little income for us also.

EN: Ok, so what about your expenses.

ZB: This is off course our income, expenses is very standard it s like we have some expense to the venue, we are spending a lot on electricity, we need internet, we need tables, we need chairs, we use a lot of PR materials, banners, posters we need to create a stage, we need to have stage lights, sound light, music lights, insurance for our people, is another. There are huge amounts of cost which are normal for all kind of companies.

EN: So are you creating a profit?

ZB: No, we have been doing events since the year 2000, I think all in all we have done around 60-70 events, or something like that, crazy, but Copenhagen Games has been since 2010 and the last three times it has given me a salary. The way it works is that if I create a good result I get a salary if I don t then I get a charge (humorous tone). So the last three events, it s not a big salary but it s given me salary quite satisfying because this is in despite of that we actually spend a lot of money, we don t hold back, if we want to have some extra lights we do that, we even have a cook coming and prepearing food for our crew cause we have around, when we run the Copenhagen Games, at the events, on site we have around 140 people working most of them are volunteers and I just have the thing that when people come out and work like this we need to take care of them. We spend a lot of money and since we doing this and I am still able to get some kind of a salary out of it I m pretty satisfied.

EN: Lets go back to the important thing of who your customers are. Who are your customers?

ZB: First of all we have the players, those we know, that there is nothing weird about that. Then we have the guests, the guests are abit challenging to somehow determine because there are a lo0t of diferent groups as we define as our segment, our target segment. The first is off course all of those people that they play themselves, they are not into a team but they do have the interest of playing eSports and then off course these people are in Denmark so that s the first group as guest. The next group, which is actually the one that is growing is everyone else, the families, the youngsters even we have seen that even parents are starting to come to Copenhagen Games for how the matches is going for their kids and this is in Denmark. So basically everyone in Denmark now is a part of our target segment somehow because apart from the eSports venue we have a lot of booths, a lot of exhibiters that are creating content not just for the players but for everyone so if you have any gaming interest at all then you are part of our target group segment.

EN: So what is your goal, your ultimate goal as a tournament organizer?

ZB: I have many goals, I think basically with Copenhagen Game, with a lot more content than we have right now, more esports, more gaming communities, more activities for guests, for viewers and that s basically what we want to do with Copenhagen Games, put in a lot more content so we are able to attract more people. We also want to do something more with the international market, because when there are some bigger tournaments in Poland for example then actually Danes are traveling to Poland to watch games and that s not happening in Denmark yet so that s something we also want to do. And that s Copenhagen Games, in esports.dk we have managed to put up some really decent tournaments so the tournament part of esports.dk is actually going quite well right now. We need to work more there, make it bigger, make more tournaments and then I really need to step on the editorial part, which is about news, about content about articles, that s something we want to do more about.

EN: To grow Copenhagen Games do you gather feedback from your customers?

ZB: Definitely, this is the fun thing about the gaming community because we are not just an organizer we are actually a part of the community because we have been players and some of our crew are still players and we are somehow an integrated part of the community so we have an online ongoing dialogue with everyone, the whole year around so we know what they want. What we do not know yet, is about what the guests want at the Copenhagen Games, I know what the guests that are interested in esports want because we talk with them but the rest of the guests, those that are in there to get the gaming experience or to see esports for the first time so for them we do not know and we haven t actually gotten to that point that we have started to ask them what they think about this but that will probably happen sooner or later.

EN: In what ways do you promote your competitions? Do you advertise them online?

ZB: Again this is about which target group we are targeting. For example the players, we do not need to do any marketing for the players cause they are there and they are part of our network so basically we just go out on facebook, on the social media on our webpage. I have contact to almost all of the tear 1 teams around the globe directly on Skype, we talk together always. So I just tell them “guys we are open for tickets” and that s just what we do. We don t do anything else, we don t need to do anything else, we have full house the last two years, This year I had ten more teams that wanted to come but we didn t have space for them so we don t do anything more. The part where we actually need to do something is about the guests and that because we are not a promotional company and I didn t have the budget to go out and hire someone to do this, so what we did was the last few years we try to promote the event in different ways. We have some promotional video stuff in the cinemas, we have some huge banners in diferent places in the city where there is a lot of people walking. We have these monitors screens in different places in the city, so we book them like in front of the town hall. That we have been doing for a while, we also do some traditional marketing radio marketing, newspapers, doing adds, doing content, marketing in different places.

EN: What about streaming, do you also stream your events?

ZB: Definitely, it s a huge part of Copenhagen Games. We had almost three million viewers the last event.

EN: I know we discussed about the employees that the company has but can you tell me how many employees the company currently has?

ZB: We are focused on the project part so I am the only one who is full time. Then we have like 12 people that have a salary, so they are actually hired on a project basis and apart from that the rest of them are mostly volunteers.

EN: Who are your partners?

ZB: We off course have the city of Copenhagen but apart from them we have Wonderful Copenhagen, which is the official tourist organization for Copenhagen, they are part of this event. We have a lot of commercial partners like elgiganten, like all of the gaming companies, the ones who are producing the gaming gear, we have a lot of them. The companies that create mouse, mouse pads, keyboards, headsets stuff like that. Sometimes we also do partnership with companies behing the game, like Valve, Riot, Blizzard.

EN: So the prize money come from all those partners right?

ZB: Yeah yeah right the prize pool money come from our sponsors.

EN: Who would you consider your competitors?

ZB: Competitors in terms of Danish local competitors, I don t feel we actually have anyone but I do expect that we will have someone. But in terms of international competitors then we have a lot, all of the international events because these players, you know the top players, the tear one players, they need to decide where to go and they cannot go everywhere. Copenhagen Games in Denmark, assembly in France, England, these events are running at the same time and some of them are trying to attract the international players. There is off course a competition between these events and the other part that we also compete about is the sponsor money.

EN: Do you believe that both your partners and your competitors help you grow?

ZB: Definitely, because, lets say here in Denmark,we will have competitors, we will each of us try to fight to make our events the best, we will put more content to it, we will create a lot more exposure around it and all of that will have the Danish esports to grow. And everytime Danish esports in general grows it off course has an impact on my event. Like when I do something really good for the Copenhagen Games it will have an impact on the other events because it will be easier for them to find support in terms of sponsor money or in terms of more players to work with. So yes competition is healthy.

EN: What are your plans in sustaining and expanding your business?

ZB: We are preparing for the Copenhagen Games for 2017 but now you are asking me something I m not able to tell anything about because it has not been announced. There are some specific projects in term of growing the event somehow, which are being planned right now and for esport.dk I am still awaiting because I ve tried to do it the other way around, I m actually trying to find some funding for esports.dk so we actually hire people to do the job.

EN: Lets go to some overall industry questions, like why do you believe eSports industry has grown so much and so fast?

ZB: First of all, esports is electronic sports, it s a part of cyber space so to say, you know everything in cuber space just grows crazy because it s easy to grow, you can reach out to soo many people like in an instance and that s the main reason why esports has grown so fast. If you do football tournaments then you wanna do somewhere in Copenhagen, you want to do a Danish National Championship, you need to have people to come to this event, if you want to do something international it will be very difficult because why should some simple football team from Spain take the trip, there s a lot expenses to do that and they need to be sure that they have the time, they have vacation from their work their school or whatever. So it s very difficult to do something out in the real world in terms of getting people together. When we work with eSports, I m sometimes sitting here and talking or playing with people that are sitting on the other side of the globe, we don t have this border, any border to consider when we are doing online tournaments and that s the first part, the other part is most of these tournaments you don t need to pay to be a part of, there is a fee but it s generally so small it s kind of a symbolic fee to pay. Every possibility to create this there are not many obstacles to make this happen and the cost is very low to do international esports tournaments and that the reason why esports has been, ever since it s started, has a huge growth which has never been seen in the world anywhere before. Football is very big, right, football has been developed for 150 years or something like that. Esports is like 17-18 years old and we have reached this point.

EN: I can only imagine what going to happen.

ZB: Exactly, ten more years we will more than exceed the size that football has reached, or sports in general. You know already five years ago the general gaming industry has become bigger than the global moviy industry in terms of money. That s really crazy, more people buy games than seing a movie somewhere, that s huge, so the gaming industry in general has already exceeded everything in the world and right now esports is getting there also.

EN: What about brands entering the esports industry? We see technology companies and now we also see non esports related companies entering, what do you think is the effect of that?

ZB: It will be on more growth

EN: So it is positive?

ZB: Definitely, this is fan for us because we are not only limited to the companies that have a direct interest in the gaming but when we do work with some of these gaming companies, they want to sell more mouse pads, more headsets, more keyboards and stuff and if they don t get that then they won t spend money, it s very simple for them, everytime they spend one Danish kroner in a sponsorship they would like to have a foreback. That s very simple for them, that s how it works, if they are not able to make money on the sponsorships then they will collapse. But the other companies that are not directly related, like the telecommunication companies, the ones that are Telia, TDC, Telenor or even Samsung. So the ultimate goal is always to sell more but they work in a different manner. TDC for example knows that when TDC sponsors Wosniacki, in tennis, they know that everytime everyone sees the TDC logo on her chest when she is playing that is not equal that everyone is running out to buy a TDC mobile connetion, they know that but they are thinking that the more we show our name the more they see TDC, at some point when they need the next mobile connection they know that we are there. Also they want to associate their logo, their brand with something that people like and Wosniacki is a big fan because even if she wins or loses, it doen t matter, she creates a lot of hype. That s fan because she is able to create a lot of exposure and hype just by losing and even though she is doing that people just enjoy her and that s something that TDC wants to be associated with because they wanna create some positive thought about their brand. They do that by sponsoring. The gaming companies they know that, they just want to have sales, so for us is very very interesting to suddenly now other kind of companies are moving in and their demand is not that we need to sell their products, they just want to make sure that they are being associated with the good stuff in our business because we have so big a number of viewers or followers or whatever.

EN: What is your opinion about the esports associations for the sustainability of the industry?

ZB: Well, the first thing to know is, in general, Denmark is an association country, we like to put everything in some kind of association, it s about boxing things. You know we like to put everything in a box so we know where it is and the thing is esports is born into the cyberspace and cyberspace cannot be put into a box. That s the first thing they need to understand and the growth of association in terms of esports has been equal to zero and that s because these youngsters, they don t want to sit down and do all of the boring stuff, creating associations. But I still think it s a necessary part for esports to grow because we need the structure, we need to organize our business, our branch, our area and we cannot do this ourselves. It s like me, I don t have the time to start a project which is a project of structuring and organizing a project on high level in Denmark, I need to focus on my projects whether they are commercial or freelance or voluntary projects, that s what I m doing. So the esports in general in Denmark needs someone that looks into how to organize and structure this and hopefully there will be some of the existing organizations, the ones that are already organizing football, tennis, they need to step up and start organizing esports like they organize everything else so they will organize the structure, the organization of esports and everyone of us will do the activities, that we are already doing and then we have a string foundation for esports.

EN: Some players and team believe that the number of competitions is too high and that seeing the same teams compete week after week. What is your opinion about that?

ZB: Well there is something going onw right now, not nly amongst the players but also amongst the viewers but It s difficult to control. If you look at the top tear teams, we have around 12 teams which are tear one teams in the world and all of the top tournaments are about these 12 teams and because all of the top tournament have become the kind of that invites the team to come it s always these teams. They always invite the best and that s why they put in a lot of money, to make the best teams come and with that a lot of viewers come but lately we ve seen that people are getting tired to see the same teams play again and again and that is what we as a global community we need to look into, see what can we do here because that can be a serious bump on the road to grow more.

EN: Another handicap for the industry's development could be the software rights of the esports. Do you believe this could be a problem?

ZB: It is. If you have football, basketball, tennis then no one owns them. In esports we have this challenge. I have two examples of how that creates challenges to us. If you look at Riot, with LoL, what they did was that they decided to do the biggest LoL tournament themselves and that s good business, I would have done probably the same and they went out and said let s go full with this, so they created the World Championship themselves. They went out and they locked down the best teams so as soon as you are in the LCS tournament you are paid normal salary, the players are paid under contract and Riot tells them that they are not allowed to play anywhere else. The impact is that all the other events in the world are stopping doing any substantial LoL tournaments. We are not doing it either because the best team are locked down. Valve has created their own tournament and they are putting so much money in them but the result is the same even if they don t lock down the players, the players don t want to come to our tournament, they want to prepare for the tournaments. Valve actually sometimes listens to their community, it s because their success was created by the community.

EN: That was my last question. I would like to thank you very much for your time.