



THAMMASAT UNDERGRADUATE
BUSINESS CHALLENGE



"GROWING E-SPORT IN SOUTH EAST ASIA"

TUBC2015

" The Legacy of the Ultimate Business Case Competition in Thailand "



Supawat Likittanawong prepared this case with assistance of Pakapol Thangtongchin under the supervision of the case company. The case was prepared solely as a basis for discussion. Cases are written in the past tense; this is not meant to imply that all practices, organizations, people, places or facts mentioned in the case no longer occur, exist or apply. Cases are not intended to serve as endorsements, sources of primary data, or illustration of effective or ineffective handling of a business situation.

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“At Garena, we focus on bringing joy and convenience to people across Asia through the power of our technology platform. We aspire to make the world an ever more connected community through innovative products and services.”

- Forrest Li, Garena’s Founder, Chairman and Group CEO

1. INTRODUCTION

It was July 2015 and Nok was waiting for the rest of her team in the main meeting room at Garena's office in downtown Bangkok. A week ago, Nok attended the top team meeting at Garena's headquarter in Singapore where the topic of growing eSports in Southeast Asia (SEA) was the center of discussion. Being a leader in online gaming in the region, Garena is at the forefront of the industry development. The CEO, Forrest Li, had asked the top team to come up with initiatives to help accelerate the growth of eSports in SEA. Although eSports has experienced phenomenal growth in the region over the past years, it is still lagging behind its counterparts in the United States, Europe and other Asian countries such as Korea and China. This is mainly due to the perception that online gaming is not really a sport. As Chief Operating Officer of Garena Thailand, Nok has been asked to head up the initiative to promote the growth of eSports in the region. She had decided to engage a team of young consultants to help her explore what else Garena can do.

As the consultants were setting up the presentation and her top team arrive for the meeting, Nok reviewed her notes again to prep herself for what the consultants have to recommend.

“Garena’s core values of customer service, entrepreneurial adaptation, rapid innovation, professional commitment and constant humility are the foundation of its sustainable success.”

- Nicholas Nash – Garena’s Group President

1.1 GARENA – A COMMUNITY FOR GAMERS WORLDWIDE

Headquartered in Singapore, Garena was founded in 2009 by Forrest Li and his friends as they aspired to transform their passion for entrepreneurship into a great company. Forrest named the company "Garena", a play on the words "global arena". Since its inception, Garena has seen unprecedented growth and become a leading platform provider for online and mobile entertainment and communication across Southeast Asia, Taiwan and Hong Kong, serving millions of users.

In 2010, Garena launched its first product, Garena+, an online game and social platform for people to meet, chat and play games with each other. By combining a communications tool with compelling digital content, Garena re-invented the business model for online games in Southeast Asia and created a true platform with strong network effects. Since its launch, many premium micro-transaction based online games have been exclusively available on Garena+ including three of the most popular titles in Southeast Asia: League of Legends, Heroes of Newerth, and FIFA Online 3.



Forrest Li, Garena's Founder, Chairman and Group CEO

Since then, Garena has steadily innovated by adding successful extensions to its original platform:

- In 2012, Garena launched TalkTalk, a highly engaging real-time voice and video communication platform.
- In 2013, it launched BeeTalk, the first indigenous mobile social network in Southeast Asia. The BeeTalk mobile app helps people create new relationships and join communities based on locations and interests. It has become one of the most popular and fastest growing apps in the region.
- Most recently, in 2014 it launched AirPay, one of Southeast Asia's fastest growing payments networks and a key tool for bridging the 'digital divide' to provide accessible financial services in emerging markets. Garena users can pay for online games, telephone bills, utilities, and other transactions on the AirPay network – regardless of whether they have a bank account or credit card.



The combination of PC and mobile, content and communications, and microtransactions and payments is the foundation of Garena's compelling value proposition to both its millions of users and its trusted content and e-commerce partners.

In November 2012, Garena was announced as a winner in the 2012 Red Herring Top 100 Asia Award and eventually the Red Herring Top 100 Global Award. In the same month, Garena was also ranked number 15 in the Deloitte Technology Fast 500™ Asia Pacific 2012.

In 2014, the World Startup Report valued Garena as an US\$ 1 billion internet company and ranked it as the largest internet company in Singapore. By March 2015, the Ontario Teachers' Pension Plan (OTPP), one of the largest pension funds in the world, invested in Garena, valuing the company at over US\$ 2.5 billion.

2. WHAT IS ESPORTS?

Electronic sports (also known as eSports, e-sports, competitive gaming, or programing in Korea) is a term for organized multiplayer video game competitions. The most common video game genres associated with electronic sports are real-time strategy, fighting, first-person shooter, and multiplayer online battle arena. Tournaments such as the League of Legends World Championship, The International Dota 2 Championships, the Battle.net World Championship Series, the Evolution Championship Series, the Intel Extreme Masters, provide both live broadcasts of the competition, and cash prizes to competitors.

E-Sports began in 1972 at Stanford University where a competition was held on the game "Spacewar". Then in 1987, Atari organized a competition for the game "Space Invaders". This was the first gaming competition that had over ten thousand gamers from all over the United States.

When the Internet era arrived in the 1990s, games began to be played over the Internet with multiple players from across the globe joining the same game. The first game that had online connectivity was Netrek that allowed for 16 simultaneous players. Competitions have seen a large surge in popularity from the late 2000s and early 2010s. While competitions around 2000 were largely between amateurs, the proliferation of professional competitions and growing viewership now supports a significant number of professional players and teams. Many video game developers now build features into their games designed to facilitate such competitions.



“Spacewar” game competition at Stanford University in 1972

The increasing availability of online video streaming platforms, particularly Twitch.tv, has become central to current eSports competitions. In 2014, sports broadcaster ESPN broadcasted the “The International” 4 pre-show for the finals, marking the first time an eSports event had been simultaneously broadcasted on a mainstream channel.

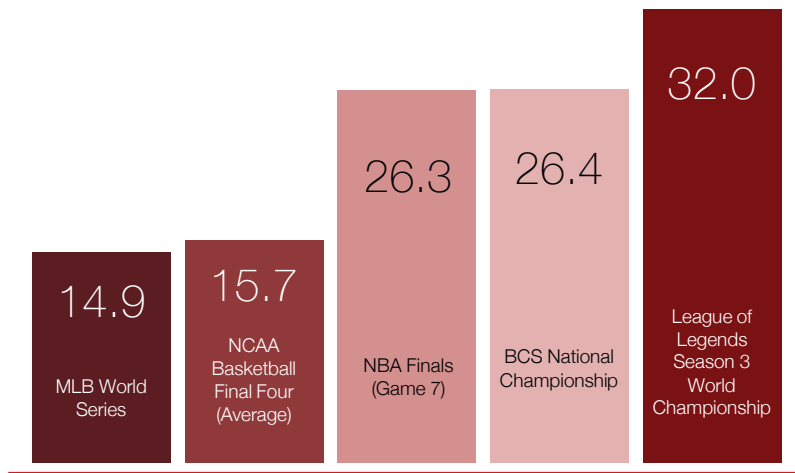
In 2012, the most popular titles featured in professional competition were real time strategy and multiplayer online battle arena games *League of Legends* and *StarCraft II*. Shooting games like *Counter Strike* and *Call of Duty* have enjoyed some success as eSports, although their viewer numbers have remained below those of their competitors.

Geographically, eSports competitions had their roots in developed countries. South Korea has the best-established eSports organizations, officially licensing pro-gamers since the year 2000. Official recognition of eSports competitions outside South Korea has come somewhat slower. In 2013, Canadian *League of Legends* player Danny "Shiphtur" Le became the first pro-gamer to receive a United States P-1A visa, a category designated for Internationally Recognized Athletes. Along with South Korea, most competitions take place in Europe, North America and China.

In 2013, it was estimated that approximately 71,500,000 people watched competitive gaming. Demographically, Major League Gaming has reported viewership that is approximately 85% male and 15% female, with 60% of viewers between the ages of 18 and 34.

The eSports market, already worth \$194 million per year, is set to more than double in size by 2017 according to a "conservative scenario" from research firm Newzoo, which pins a predicted value of \$465 million on the sector within two years. The figures equate the growth of eSports to that of analogous athletic sports like Ice Hockey and American Football, estimating that there could be as many people watching eSports in 2017 as there are watching the NFL now.

Viewers of Sports Events – 2013
No. In Million



Source: ESPN, Nielsen and Riots Games

Extrapolating from that growth, the report estimates that there could be as much as \$1 billion worth of revenue being generated by eSports within two years.

"In terms of audience, the number of eSports enthusiasts will jump from 89 million last year to 145 million in 2017," the report reads. "Another 190 million will watch eSports competitions occasionally, showing that competitive gaming has evolved to a Spectator Sport with a fan base comparable to that of Volleyball, American Football or Ice Hockey. Following a year of explosive growth in audience and money involved, 2015 will be pivotal in determining the future of eSports."

Key to the growth analogy between eSports and traditional spectator sports is the evolution of the market and the influx of capital - in particular, the establishment of eSports as a genre which pulls in cash from external markets, sponsors and directly from customers themselves, rather than just the publishers of the games involved.

"The revenue mix of eSports and sports is a key differentiator between the two markets," the report continues. ESports, which is a product of a digital age, gets 34 percent of its revenues from online advertising and still relies on the investment of game publishers. This money is indirectly recouped by the publishers through spending on or in their games. Now, eSports is quickly evolving into a business of its own. Many sponsors are jumping on board and consumers are contributing to championship prize pools and paying to attend online or real-life events. As the eSports market matures, its revenue mix will closer resemble that of traditional sports which saw 57 percent of revenues coming from sponsorships and selling media rights in 2014.



"Total sports and eSports revenues are currently miles apart. At the same time, the \$124 billion sports industry is comparable to the total global games market, which will reach \$107 billion by 2017. Comparing all sports with gaming and eSports with individual sports makes a fair comparison."

Indeed, the estimated global sport-playing population is around 1.6 billion. The global gaming community is around 1.7 billion - around 89 million of which consider themselves eSports enthusiasts. That's comparable to the 79 million who would regularly watch swimming, or the 94 million who watch ice hockey.

Newzoo expects the number of eSports fans to grow to 145 million by 2017, close enough to the American Football audience of 151 to bear comparison. However, eSports fans don't generate revenue at the same level as people who watch the NFL or the EPL. Currently, it's estimated that they will directly contribute just \$2.2 a year each, compared to the \$20 a year which a sport could expect from its fans. Nonetheless, that still adds up to significant revenue gains if Newzoo's lower end growth estimates are met.

Recent growth in eSports has largely been driven by the West - which means that the growth could be extremely rapid if it hits critical cultural mass in Europe and North America. Potentially, eSports could see even faster acceleration as it attracts brands and sponsorship looking to reach the extremely valuable marketing demographic which eSports seems to attract.

3. GARENA – A STRONG ADVOCATE OF E-SPORTS

Garena has been a strong advocate for the development of eSports and regularly organizes local and regional tournaments to provide platforms for gamers to compete and realize their dream of playing professionally.

Besides competitive tournaments, Garena also organizes events that allow gamers to meet and connect offline. This includes the annual Garena Carnival held in Singapore.

In one of the most well-known competitive gaming events worldwide, World Cyber Games, League of Legends has been added as one of the official game titles. Garena has participated at the WCG Asian legs held in Singapore. In 2011, the top Heroes of Newerth teams from Malaysia, Thailand, Vietnam and the Philippines were sponsored by Garena to represent their countries and compete in the WCG Asian qualifiers in Singapore.

- In May 2012, Garena launched the Garena Premier League (GPL), a six-month-long online professional gaming league with more than 100 matches to be played. The first season of GPL is a League of Legends competition, which comprises six professional teams. The teams are: the Bangkok Titans, KL Hunters, Manila Eagles, Saigon Jokers, Taipei Assassins and Singapore Sentinels, which represent top players from their respective countries. GPL matches are captured and broadcasted online along with commentaries, which are available for viewers to watch on the GPL official website.
- In October 2012, Taiwan-based eSports team, the Taipei Assassins (TPA), won the League of Legends Season Two World Championship held at Galen Center in Los Angeles.
 - The Assassins, with a roster of Stanley, Lilballz, Toyz, Bebe, MiSTaKE, colalin, NeXAbc and their manager, Erica, beat their contenders, Azubu Frost from South Korea, three games to one in a best-of-five to secure the US\$1,000,000 cash prize and the coveted handcrafted Summoner's Cup. The competition was watched live by nearly 20,000 people at the Center while more than a million people watched via livestream and TV. The competition had 12 teams from around the world competing for a total prize money of US\$ 2 million.
- In 2013, Garena announced the second season of the Garena Premier League would start on 4 Jan 2013. Garena Premier League 2013 included two new teams from Taiwan and Vietnam, which brought the total number of teams to eight. The teams were AHQ, Saigon Fantastic Five, Bangkok Titans, KL Hunters, Manila Eagles, Saigon Jokers, Taipei Assassins and Singapore Sentinels.

Other than national and international tournaments, Garena has taken many other initiatives to help promote online gaming as a professional sport. It launched competitive advertising competition asking students to develop advertisements with the theme "Online game is a sport, become a professional gamer." Garena also hosts campus leagues and meetings for its gamer community. Despite all these efforts, professional gaming and gamers are still not gaining the same status attained by their counterparts in other more developed markets.



4. GAINS AND PAINS OF A PROFESSIONAL GAMER

ESports is taking over and everyone wants in. Being a pro-gamer is becoming as yearned for as being a professional sports player. Just like any other professional sports, turning professional has its benefits and requirements.

Professional gamers are broadly defined as someone who play video games and deeply study the game to master it and usually to play in competitions. A professional gamer may also be another type of gamer, such as a hardcore gamer, if he or she meets the additional criteria for that gamer type. In countries of Asia, particularly South Korea and China, professional gamers and teams are sponsored by large companies and can earn more than US\$100,000 a year. In the United States, Major League Gaming has contracted electronic sports gamers with US\$250,000 yearly deals. Being a professional gamer has its benefits but also comes with its sacrifices.

One of the key benefits is **fame**. Being a recognized professional eSports gamer has similar benefits as any other sports star. A good eSports gamer with sound reputation will enjoy wide recognition not only in the eSports circle but also in the IT-related fields. As such, they will be asked to represent IT brands, related accessories and even internet cafes that will provide them with training facilities. What these companies look for is a professional eSports gamer who is viewed as an idol. The recognition of the professional gamers will help elevate these brands and lead to increased sales. These product endorsements are similar in nature to any other recognized TV or sports stars. Some widely recognized eSports professionals will also enjoy a significant fan club base. These fan clubs will support and cheer for their idols at every competition.





Another benefit of being a professional eSports gamer is money. With the fame gathered, and the growth of eSports, accomplished professional gamers can earn significant amounts of money from their winnings in eSports competitions and product endorsements. The amount of money earned will depend on a large part on their capabilities and winning results. The compensation not only comes in the form of money but also in the form of product sponsorships. It is common that hardware manufacturers supply the teams with the necessary hardware like monitors, keyboards and other accessories.

The professional eSports gamers will be provided with equipment, and training space for their competitions. They will also be given a salary and traveling expenses to both local and global competitions. All these financial benefits do add up to a substantial sum especially when most of the players are of schooling age. This is an attractive alternative career for them.

The world's current highest earning eSports professional gamer for the game Starcraft : Blood war is Jaedong from South Korea. His earnings to date grossed at US\$ 590,346.05 and over 65 percent of that was from the game alone. E-SPORTS EARNINGS website regularly update the rankings of the world's highest earning eSports gamers



Jaedong – The worlds highest gross earner from Starcraft : Blood war
(Source: e-sport earnings)

Now that we understand the benefits a professional eSports gamer can expect, let's understand what it takes to make a career in professional gaming. These include the following:

Willingness to Practice - If one wants to be a pro gamer that means you love playing video games, but “practice” is different. A pro gamer need to be diverse, and casually jumping on to queue up for a ranked match and practicing new things to become a better player are two different things entirely. A pro gamer have to become diverse and understand the game in many ways. They will also have to be ready for team practices if it is a team game they are trying to go pro in.

Determination – Unfortunately, becoming pro gamer will not happen overnight. One needs to be ready to be in for the long haul. It may turn into a waiting game, as you may not be recognized at first. Keep working at the game and stay determined to get to the top; if you're good enough and meant to be there, you will be.

Community - Let's not sit here and think that you can play and be really good and expect to just get a call one day that you're on a team. This is not how it works. In order to be on a team, you need to be one with the community of that game. Once you're at a high level of gaming, the players begin to know each other and communicate on a level that is more than just game chat; this is where you will need to be.



Consistency - Unless you're starting your own team and expecting to rise to the top that way, teams are going to be looking for you to be consistent with what you do. Then again, if you are creating a team to rise to the top, you ALL will have to be consistent to get there. You can't have a few fantastic games and then expect to be carried to victory every once in a while. Until you've proven yourself you need to make sure you're always showing results.

Technique - Things change and new players are constantly rolling into the scene, whether the current players like it or not. Sometimes it is good for you to bring new techniques and play style to the table to catch the competition off guard. This is one great thing about gaming, you can change it up and find great success, just be sure not to take to over the top of a risk while doing it. If you go a different route and stay by the books, make sure the techniques you are following that way are up to par with your competition because if they are not, you will be walked over. You have to remember, when you get to a certain level you will be against competition that knows techniques and the ins and outs of the game as well as you will have to in order to be there.

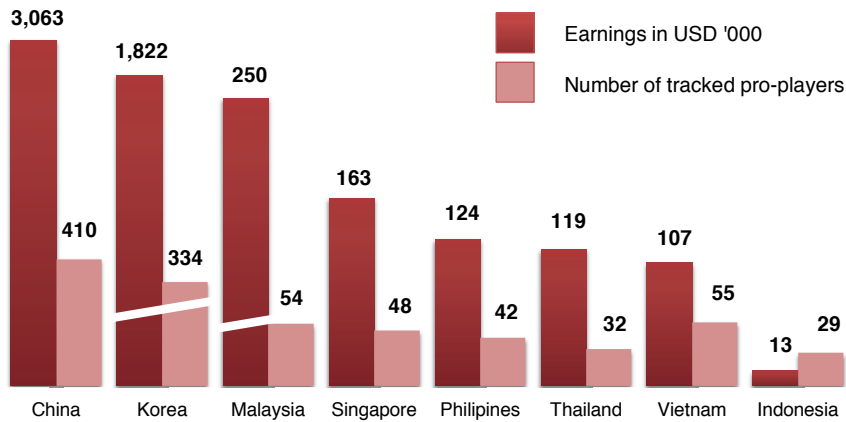
All in all, being a pro gamer is not easy and it takes a lot of training, practice, motivation, understanding of the game, and probably some luck here and there. Other than the all the above, you will also need a degree of talent to reach the top. However, the return for those who make it is substantial.

5. CHALLENGES OF ESPORTS IN SEA

If you ask a random person about eSports in SEA, you will likely get a blank, puzzled response. But don't get the wrong impression that there isn't an eSports scene in the region, because there is. The region has all the established elements of a thriving eSports community. There are national gaming organizations, pro players and sponsors. There are gaming events ranging from local computer café competitions to the nationwide tournaments. It may not be as big as in Korea or China, but it exists nonetheless.

Despite the growth in eSports market in the South East Asian region, it is still lagging significantly behind other Asian counterparts like Korea or China. In SEA, when one expresses the intent to be a professional gamer, it isn't always viewed positively. Unlike joining a collegiate basketball team or a sports club outside school, having a professional gaming team is an entirely different story. There are many ways that people in the region see professional gaming and it sometimes makes it difficult for aspiring pro-gamers and even game casters or game managers to get into the pro scene. This is clearly reflected in the much smaller number of top professional players from SEA and their earnings when compared to Korea or China.

Earnings & number of professional players by country YTD 2015



Source: www.esportearnings.com

Industry analysts indicate that besides some specific domestic policies (such as mandatory national service in Singapore which forces professional gamers out of the game for a number of years), the slower take up of eSports is attributed to the perception people in the region have on eSports. Major views on eSports are:

- **“It’s just a game”** - A big hindrance to understanding eSports properly is that most people in the region see computer and video games as nothing more than a game, which therefore should not be taken seriously.

However, a major part of the population do not realize that gamers don’t just sit there and magically become professional gamers, much like how playing basketball all day won’t land you a spot in the NBA. Like professional athletes, competitive gamers actually have to train and follow a schedule that often drains not only the body, but also the mind. It also includes studying statistics, watching replays, analyzing enemy teams, improving play mechanics, tracking game changes, criticizing one’s own gameplay, finding new ways to adapt and devising strategies, just to name a few.

- **Career options are limited.** More often than not, professional gamers are usually teenagers or those who are in their twenties. Other people their age are usually still either in high school or in college. Most, if not all, universities and colleges don’t offer eSports-related programs. That means if a student would like to partake in eSports or become a professional gamer, he or she will have to do this outside of school. And your professional gaming record isn’t actually something that will land you a regular office job. This usually worries the parents and understandably so. They often ask, “If my son/daughter becomes a professional gamer, what are the career options for him/her?” or “Is pro gaming a stable source of income?” Due to a lack of options, many parents consider it a waste of time and a domain for those who cannot make their mark in school.



Parent would prefer their child to have a secure and stable future. And currently, eSpots in many parts of the world doesn't provide that kind of stability. Unlike China where a \$60,000-prize pool tournament is possible for professional teams, eSports is not that big and glamorous in SEA. Pro players may get salaries depending on the sponsor or organization, but they will only pick you up once you've proven something. Until then, you will only get your profit from tournament winnings, which usually are not sufficient.

- **Gaming viewed as having little to no benefits** - One of the biggest misconceptions about gaming is that it has no other benefits aside from fun and possible winnings. Actually, as mentioned earlier, being a pro gamer requires discipline and dedication. It also trains a person's hand-eye coordination and quick thinking as well as probability and decision-making skills. Team games also require coordination and synergy, and unlike sports such as basketball, there is no body language to read. In fact, there has been a university study about the benefits of gaming ranging from improved creativity and decision-making to boosting night driving ability. An article on a psychology website even mentions benefits such as improved memory and critical thinking skills.
- **The general idea that gaming is bad** - The general idea that gaming is a bad influence affects how people in the region react to professional gaming. After all, making money out of something that's bad is something you should not be proud of. And it's not just about players becoming violent. It's also about learning how to *trash talk* other players and also partaking in gambling. In the region, bet matches are common and popular in computer shops. Players place bets on their games to make it interesting and exciting. These bets range from a bottle of soda to significant amount of cash.

Because of all the above factors, it is still a far reaching concept for most people in the region to believe that eSports can be a true profession. Unlike in the United States or Korea where professional gamers are recognized and has the status similar to any other professional athletes, admiration and recognition is contained mainly in the gaming community in SE Asia. There are limited (if any) recognition or endorsement from the authorities on eSports.

“People still think video games are a bad symbol in Thailand...It's almost as bad as smoking. That's why I think video games in Thailand are not that big yet.”

- Thanat Pariwatvorn “Happy Fat Kid”
Online gamer in Thailand

6. CONCLUSION

At the end of the day, eSports has taken off so rapidly globally and in particular Asia because of the growing popularity of competitive games and the desire that gamers have to watch competition at its highest level. While it may sound like a dream profession to some, professional gaming is a fiercely competitive business to get into. Only the very best will ever make a name for themselves. It takes drive and determination.

In a conservative culture like South East Asia, video games can be seen as a major distraction to academics. Children are seen to have no other purpose besides attending classes and scoring well on standardized exams. Yet countries like South Korea, where professional gaming has been a legitimate profession for the past decade, would disprove these critics. Until gaming is viewed differently, eSports and professional gamers will face an uphill battle to be recognized at the same or similar level as other professional sports.

Although it's true that eSports in SEA may not be as big as the industry in China and South Korea for now, but if we can overcome the above perceptions, Nok and her team believe we will get there in no time.

Nok peered up from her notes as the team settled down. She was looking forward to hearing the solutions proposed by her consultant on what Garena should do to accelerate the recognition of eSports as a professional sport in SEA.



Staples Center was sold out for the 2013 World Championships where gamers played League of Legends. (Photo Credit: redbull.com)

APPENDIX 1. IS ESPORTS REALLY A SPORT?

Competitive gaming is finding itself in the limelight, as events throughout the gaming industry have increasingly been spread into the public domain with coverage from popular local news and radio stations such as SABC3 and 5FM. The eSports industry is growing rapidly, with regard to spectators and participants, as is the case Riot's League of Legends (an online multiplayer online battle arena video game) that has seen phenomenal growth in spectatorship over the past 2 years.

One of the biggest questions that is slowly but surely arising out of the success of the eSports industry has been: "Is eSports really a Sport?"



As with most unanswered questions, we head to the dictionary definition in attempts to find the purist base meaning of a word or concept. Here are the dictionary definitions.

- Sport- "a physical recreational activity, done simultaneously against an opponent, that includes animated movement and positional movement that involves physical exertion."
- E-Sport- "'Electronic Sports', abbreviated e-Sports is used as a general term to describe the play of video games competitively."

The biggest separation between the two terms comes down to one factor and that is 'physical exertion'. This is the one element that will keep e-sports out of the sports bracket. To be telling yourself that e-sports (by definition) is a sport, would unfortunately be a lie, due to the fact that there is little to no physical exertion whilst gaming. Now before the barrage of hate mail comes in my direction, let me be the first to say that I believe the classification of what is a sport and what isn't a sport has been transformed over decades if not hundreds of years. With 'sports' like golf, bowls and curling being classified into the sports bracket, when they clearly (by definition) shouldn't be.



With that being said we are only talking about the dictionary definition, and not what sports is assumed to be by the general populous. So I asked some people, most of which are non-gamers, exactly what their definition of sports was:

"A recreational activity where-by a person partakes as an individual or a team to play / compete against an opposition, in a battle of skill, speed, strength, strategy and tactics" -Devon Stanton

"Activities that have little purpose other than for pleasure" -Sam Rolland

"Sports are the culmination of being able to be highly competitive and within a defined structure. This structure as well as competition should be easily identifiable with spectators. Skill needs to be the decisive factor when it comes to deciding on a winner. It must be able to promote respect, sportsmanship and fairness." -Ashley Soley

"An engagement of people trying to do there best to achieve an ultimate goal. May it be it be an award or just for pride" -Cuyler Meyer

Sport is a religion. Sport entails pushing the boundaries on the belief within yourself to compete and win. Without sport every day life would be morbid, but with sport we can join hands and combine people from different cultures, religions and racial groups to cross borders that would not normally be crossed. Sport allows for society to be unified. -Justin Grundlingh

As you may be able to tell, many of the public definitions regarding sports are not as restrictive as the dictionary definition. Rather the definitions are more personal, and more open to interpretation. Which leads me to yet another question as to whether sports be classified as to what it is defined as or should it rather be classified by what it has become? Personally I believe the latter.

Sports is evolving and constantly changing, we have seen countless introductions of new ideas, new ways of playing and an even more inclusive mindset regarding sports within the last 30 years. This has been no more so apparent than in the Olympics, where we have seen a wide span of new sports and competitive events that have been included in the Olympic games. Such events include solo synchronized swimming, race walking and even trampoline gymnastics. It would seem that eSports is still sitting on the edge of becoming recognized as a sport. As the attention has shifted towards the competitive gaming industry given its recent and seemingly on-going success, with event like the MLG circuit attracting more spectators and participants year on year.

More so than ever, I believe eSports has become the Trojan horse of the sporting industry. As it has completely redefined the way people spectate, communicate and play with one another. In many ways e-sports, regardless of whether it is classified as a sport or not, has still set the standard for the new generation of sports. The ease of access via streaming has allowed for an interactive, unregulated and unified audience. I believe these are going to be the core factors that will allow sports as a whole to grow to a new level.



So once again if it came down to the question of trying to answer: Is e-sports a sport? I'd say yes, so much so that it is actually paving the way for other sports to follow.

Article by Nicholas Holden (Holden ZA) Posted Wednesday, July 24, 2013 1:02:00 PM posted on <http://www.mweb.co.za/games/ViewNewsArticle/tabid/2549/Article/8051/Is-eSports-really-a-sport.aspx>

APPENDIX 2. For South Korea, E-Sports Is National Pastime

By PAUL MOZUROCT. 19, 2014

SEOUL, South Korea — Top video game players in South Korea are household names. Millions of people tune in to watch game competitions on television. The largest Internet portal, Naver, has its own section covering the results.

Competitive video gaming is now taking off in places like the United States, attracting thousands of people to major events. But in South Korea, more than anywhere else, it has already oozed into mainstream culture. Couples going to game clubs is about as common as couples going to the movies.

Time and again, South Korea has provided glimpses of technology-related transformations before they expand globally, including widespread broadband availability and smartphone adoption. The country has also led in professional video game competitions, often called e-sports, creating organized leagues, training well-financed professional teams and filling giant stadiums with frenzied fans to cheer on their favorite players.

Such excitement was on display in Seoul on Sunday, when more than 40,000 fans filled the outdoor soccer stadium used for the 2002 World Cup semifinal to watch the world championship for League of Legends, one of the world's most popular games. On stage, two teams of five players sat in front of computers wielding mouse and keyboard to control fantastical characters in a campaign to destroy the opposing team's base. Three huge screens displayed the action.

The clear favorite of the raucous crowd was Samsung White, a team of Koreans that tore through the playoffs. The throng of fans erupted early on, when a Samsung White player wielded a spear to kill a player from the Star Horn Royal Club, a team of three Chinese players and two Koreans. Samsung White went on to win the championship and \$1 million in prize money.

"Pro gaming exists in its current form and size in large part thanks to the people who made it possible in South Korea," said Manuel Schenkhuizen, a Dutch pro gamer. "Other countries took years to catch up and are to this date trying to mimic some of their successes."

The prowess of the country's e-sports players is a point of national pride. Recently there has even been hand-wringing about Samsung White's not winning dominantly enough in an earlier round of the championship tournament, when it lost one of four games to Team SoloMid, a North American team.

Last week, people at one of the many Internet cafes here, known as a PC bang, debated how the League of Legends tournament would conclude. One ninth grader, Han Song-wook, said he had followed the rise of Samsung White for two years, in part because of the team's aggressive play and creative, bold moves. "Even back then I saw they had potential," he said. "Their moves were great."

Though gamers and industry insiders have different theories about how e-sports became so popular in South Korea, nearly all versions start in the late 1990s.

At the time, in response to the Asian financial crisis, the South Korean government focused on telecommunications and Internet infrastructure. By 2000, a vibrant community of gamers emerged, largely thanks to PC bangs that used the new connections. The clubs acted as a sort of neighborhood basketball court where gamers could test their skills.

The government also became involved, creating the Korean E-Sports Association to manage e-sports. Cheap television stations took off as well, a result of the new infrastructure, and it was only natural that one, then more, would focus on e-sports. “Fourteen years ago, you had a government that gave a thumbs-up to e-sports — it was professionally organized, and it was on television, so it became a mainstream thing,” said Jonathan Beales, an e-sports commentator. “The way soccer is around the world.”

StarCraft, a game released by Blizzard Entertainment in 1998, quickly became a mainstay of South Korea’s professional gaming leagues. With investment and organizational help from Blizzard itself, professional tournaments quickly outgrew the cramped PC bangs, first moving to hotel ballrooms and eventually stadiums. In 2004, the final of the StarCraft pro league attracted 100,000 fans to Gwangalli Beach in the southern beach city of Busan.

“That was the big dog — that really was when we knew, ‘Oh, my goodness, this has gone to an entirely different level’” said Paul Sams, Blizzard’s chief operating officer. The game clubs remain an important arena for gamers, though. On a recent Thursday night in a residential area of Kangdong in southeastern Seoul, a PC bang was filled with high-school students. They sat in plush chairs in front of large-screen PCs, barking strategies or crying out in joy or frustration.

After gunning down a friend with an assault rifle in the game Sudden Attack, Kang Mi-kyung, 15, said she was at the PC bang about five times a week. “I love this game, though I think it’s too violent,” she said, adding that she comes mostly to see friends, including some male friends she does not see at her new high school.

Bae Ye-seong, 18, who stood at a computer bank watching his friends play out a match of League of Legends, struggled to say why he played games. “Playing League of Legends isn’t necessarily important for friendship,” he said, “but it’s just a big part of our world.”

About a decade ago, companies began to see the promise in sponsoring esports stars. Before long the companies, like Samsung, the giant technology company, and CJ Games, one of Korea’s most successful game developers, were sponsoring teams that lived in communal houses and trained 12 hours a day. That professionalism has spread outside Korea, with sponsors putting together training houses for gamers in recent years in the West. Still, few players take the games as seriously as those in South Korea.

In part that may be because of the perks of stardom that surround top players here. One of the players on CJ Entus, a team sponsored by CJ Games that came in second in the League of Legends world championship in 2012, recalled how a female fan followed him to competitions for two years taking photos. She ultimately sent him an album of all the shots she had taken. “That was nice,” said the blushing player, who goes by the on-screen handle Shy.

Still, the life of an e-sports star is not all glamour. Players must practice relentlessly, spending their days in front of a screen. While the coach of CJ Entus, Kang Hyun-jong, said he tried to encourage players to enjoy themselves, the real goal was clear. “The best way for players to enjoy themselves is to know how to win,” he said. One of the most famous members of CJ Entus, Hong Min-gi, said he still enjoyed playing the game, despite the commitment. In part, he said, it was because he usually won. “I still get motivated when I beat someone,” he said.

The cutthroat attitude no doubt helps South Korean teams in major competitions. The country’s success at League of Legends has led several Western teams, including the North American team Cloud9 and the European team Fnatic, to visit to see how teams practice. Many foreign teams have also tried to emulate the group living and training approach used in South Korea, often without the desired results. But the monomania of gamers here has also led to concerns about addiction and the potential harm caused by spending too much time playing games. Occasionally, news articles report on a gamer’s dying of exhaustion in a PC bang after playing for days without rest. A law requires the clubs to force children under 18 to leave after 10 p.m.

Jun Byung-hun, a South Korean National Assembly member and the head of the country’s e-sports governance body, KeSPA, said there was still a lot of ignorance from older generations about video gaming. He had pushed for moderation in the drive to regulate gaming. “In Korea, games are the barometer of the generation gap,” he said in an interview. Parents view games as distractions from studying, he said, while children see them as an important part of their social existence. Mr. Jun is promoting new educational guidelines that encourage schools to warn students about addiction, while also helping parents better understand gaming. “The best way to avoid addiction is for families to play games together,” he said. Mr. Jun has also helped push through a number of initiatives to encourage South Korean institutions to treat e-sports like real sports. Most recently he helped convince Chung-Ang University, a top Korean college, to admit two students based on their successes in e-sports.

Days before the League of Legends championship, in the hotel near the stadium where Samsung White trained, Cho Se-hyoung, the team’s leader, said the pressure he felt from the country’s rabid fan base was immense. He hinted that at 20 years old, he was contemplating retirement.

Even after winning the championship on Sunday, Mr. Cho apologized for not showing more creativity during the day’s event. But talk of changing careers seemed more distant. He said the team had to get back to work to prepare for future competitions.

Asked how he viewed himself, he said, “I’m a sports player.”

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