

eSports in Gaming

Policy Discussion for AGA Members

OVERVIEW

eSports are rapidly growing and gaining popularity. One opportunity for gaming operators is to allow betting on eSports, similar to betting on traditional sports.

Estimates show the global eSports reaching over 380 million worldwide this year; global eSports revenues are estimated to be over \$900 million, with that number reaching over \$1.6 billion in 2020.

States like Nevada have recognized this, and have worked to seize the opportunity, both in the hotel and entertainment venue space, but also in gaming. In 2017, the Nevada Gaming Control Board allowed sports books to take bets on certain approved eSports events.

Currently, the Nevada GCB is amending Regulation 22, which governs what types of bets sports books may take. Part of that process is the recognition of eSports, and the desire to see a “sanctioning body” that the GCB can look to when approving betting.

No such sanctioning body exists in the United States.

Recognizing the potential:

The average eSports gamer is **35 years old**.

Motley Fool has estimated that 87 million millennials now account for 1/3 of retail spending. **Inc.com** has estimated that the eSports market will reach \$1.1 billion in 2018 and that consumers will have spent over \$230 million on tickets to such events, as well as merchandising and prize pools.

There is no standards association or sanctioning body for eSports in America. Providing all stakeholders with a solid integrity association or group by which eSports events can be sanctioned, monitored, and performed with high standards is now crucial. It becomes especially crucial if American gaming operators wish to take bets on such events.

It is important for the burgeoning eSports industry, potentially in conjunction with the gaming industry, to create standards for such issues as anti-doping, anti-cheating, anti-fraud, and anti-match fixing.

Stakeholders in this space include *tournament organizers, game publishers, streaming service providers, and of course the gaming industry*.

Questions for members:

Post-PASPA Interest and potential engagement by the AGA on behalf of its members:

1. Since eSports is growing, and since it is considered part of the potential growth of the sports betting ecosystem, do the AGA members wish to take any position, action, or make any public statements with regard to betting on eSports?
2. Should the AGA assist the members in crafting policy statements, protocols, proposed regulatory or statutory changes?
 - a. The AGA could assist its members in ensuring “best practices” of allowing wagers on eSports, such as what events pose risks, and what events may ensure integrity of the gaming community.
 - b. The AGA could work to gather all stakeholders surrounding eSports for forums, discussions, and ultimate agreements on “best practices” for all involved.
 - c. The AGA could monitor and provide potential government affairs assistance in states where legislation or regulatory changes are proposed.

Engagement Possibilities: With millions of eSports players and fans engaging in eSports tournaments, many of which could be held at gaming resorts, the possibility exists that regulators will take notice and allow wagering on such events.

1. Should the AGA members engage in discussions with gaming regulators or other stakeholders (game publishers, event organizers) regarding the ability of sports book operators to take bets on eSports?
 - a. Discussions could include assistance with policy concerns (such as what operators should consider if minors are participants in eSports tournaments or events) and work with regulators in addressing any such concerns.
 - b. Work could be done to provide regulators with research that would aid them in crafting appropriate policies surrounding eSports betting.

Assistance to AGA Members

1. Should the AGA propose the creation of, or assist in the building of, a coalition, syndicate or association that ensures the integrity of eSports events that gaming operators may offer bets on?
2. Should the AGA provide its members with research and data regarding the growth and popularity of eSports events in general, so that members can determine their best course of action?
3. Such data could not only assist AGA members in ascertaining the potential size of the eSports betting market, but also assist with members who wish to host eSports tournaments at their properties.