ESPORTS: THE FINAL FRONTIER OF INTERCOLLEGIATE ATHLETICS

by

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ABSTRACT

People love to play videogames and, over the past 30 years, that love led to the creation of Esports. With games like Fortnite and League of Legends, Esports is growing at an alarming rate and will be a billion-dollar industry soon. Meanwhile, Intercollegiate Athletics is a staple of American culture and every year generates billions of dollars of revenue to universities across the country. Universities continually desire to build a cutting-edge campus environment at the forefront of world-culture. There seems to be an opportunity for universities to utilize Esports as a new way to compete and capitalize on the growing phenomenon. Throughout my study of the union of Esports and college organizations and athletics, I realized there is little prior research on the combination of the two industries. The primary purpose of this manuscript is to analyze if Esports can potentially drive revenues for universities. Through interviews with stakeholders and financial analysis, I hypothesize that Esports can potentially impact university life and athletic departments, although the findings are preliminary and more research is necessary.

INTRODUCTION

Esports is taking the world by storm. Games, such as Fortnite, League of Legends, Overwatch, and others, are having global impact. In 2018 alone, Epic Games is expected to generate revenue upwards of $2 billion of revenue on Fortnite, a game it distributes for free. With the help of celebrities, athletes, rappers, and teenagers, Fortnite has turned Epic Games into a multi-billionaire.

Esports not only generates money for the companies that develop and distribute games and the corporate sponsors, but they also produce wealth for streamers, those who play games and broadcast themselves online. For example, 22-year-old Lee Sang-hyeo, known by his in-game name "Faker," is a South Korean professional League of Legends player. He won over $1 million in prize money in competitions. His professional League of Legends team alone allegedly pays him $2.5 million per year. This compensation is significantly more than other professional athletes. For example, former TCU Horned Frog quarterback and NFL Pro-Bowler, Andy Dalton earned $612,009 during his second year as starting quarterback for the Cincinnati Bengals.

Esports is very new, only taking shape around 2010. Therefore, the industry has a significant opportunity for growth. The Dallas Fort Worth area alone invested around $10 million to renovate the Arlington events center into Esports Stadium Arlington, the largest Esports arena in North America. The facility's inaugural event drew a sold-out crowd for a weekend long international competition. In a state like Texas where football is king, thousands spent Saturday and Sunday watching video game competitions. Since the United States is already behind the rest of the world, its Esports industry hopes that the Esports Stadium Arlington will drive a wave of change.

Although Esports generates less revenue in the United States than in other countries, the National Collegiate Athletic Association's (NCCA) existing state-of-the-art infrastructure for amateur athletic competition, 1,200-member institutions and supports over 24 sports, has the ability to accelerate Esports growth. At present, Esports is one of only three new sports the NCAA is considering adding to its list of supported sports.

Esports also has the ability to affect the profitability of college athletics. Contrary to popular belief, the NCAA reports that, only 24 of the 130 Football Bowl Subdivision schools (the top subdivision for school's with football programs) less than 20%, generated a profit. These results show that colleges and universities do not get a lot of economic benefit from their student-athletes. Instead, college athletic programs need sports with more extensive opportunities for profit and higher operating margins. Esports could meet that need.

Many people have separately studied Esports and its sweeping popularity and intercollegiate athletics multi-billion-dollar business. However, very little research has been done on Esports' potential to become the next big college sport. People and companies around the world are obsessed with the Esports phenomenon and its high contribution margin. As universities in the United States look to add activities that can generate more revenue and increase its visibility, Esports might be a valuable addition, generating both revenue growth and global visibility. Currently, there are only a few schools with an Esports team. Even fewer offer scholarships to players. Most the Esports programs are a part of small state universities or junior colleges. Although students across the country have created club teams that compete in competitions, their universities do not support these student organizations. These circumstances raise the following questions. First, can Esports generate sufficient revenue and then profit for

universities? Then, if so, which schools, based upon the demographic, academic, size, and other factors, will be most successful?

Esports has the potential to be a realistic and exciting opportunity for intercollegiate athletics, but there are some concerns. For starters, the PAC-12 committed to creating an Esports league in 2016 but shortly killed the league's creation after just a year of planning. Many different variables arose that caused the league to halt. Many administrators in the PAC-12 conference were concerned with two key factors: Title IX and amateurism. For Title IX, the PAC-12 believed that well over the majority of Esports gamers were male and that the culture of gaming exudes sexism through its male dominance and the sexualizing of characters in the video games (Moore). The NCAA is an amateur athletics league even though it may not seem that way given its major television deals worth billions of dollars. Amateurism is an issue because many people who play Esports at its highest level partake in "streaming." "Streaming" is when you broadcast your gameplay online through websites like twitch.com and "streamers" can make money through advertising products while they stream or people donating online. According to NCAA rules and regulations, student-athletes lose their amateurism status once they receive compensation for their athletic performance above and beyond scholarships and necessary expenses, therefore, becoming ineligible.

As the world becomes increasingly technology dominated, isn't it only natural that our entertainment will too? Esports is the next significant revenue driving sport, as we have already seen massive amounts of money circulate through other leagues throughout the world. As it grows in America, it is only natural that universities and the NCAA will see it as a viable opportunity for the next profit driving sport.

In this manuscript, I provide a review of the existing literature, discuss the methods and results of my findings, analyze the possible implications of my findings for college athletics program, draw some conclusions and identify areas for future research.

LITERATURE REVIEW

Many academic journals and other reputable sources have done research and published papers and studies about the NCAA and Esports. These sources include information about the amount of revenue that may drive Esports' growth. None demonstrated the impact that could come from the union of the two. In the following section, I analyze the published literature and the research that I conducted to illustrate the possibility of Esports being a revenue driver for universities.

As stated previously, Esports is an important industry, growing at a substantial rate. PR Newswire reported that it expects, Esports to have a compound annual growth rate of 18.61% between 2018 and 2023, growing its market to over $2.3 billion. PR Newswire defines the Esports market narrowly to include only its streaming, league, and events capacity; not including the revenue of the games themselves. Most of the growth in the industry is going to be spearheaded by Asia even though they already generate the most significant market. Not represented in the article is the opportunity for growth in the United States, although it does include the enormity of the industry as we know it. If the largest consumer of Esports, Asia, is still driving the most substantial amount of growth, then there is hope that as America develops its market, it can grow at unprecedented rates.

Many colleges already have Esports program and a league. The National Association of Collegiate Esports (NACE) was established in 2016 to act as a governing body over the uncharted waters of collegiate Esports. The NACE awards over $9 million in college scholarships and financial aid (Conditt). Comparatively, TCU has 85 scholarships available for its football team, and all football scholarships are full-ride. At the current tuition price, those 85 scholarships account for over $4 million in aid. These numbers demonstrate that while the $9

million for the National Association of Collegiate Esports is large, it is miniscule compared to the NCAA. Their mission is to help their members grow formidable Esports programs to benefit colleges and students alike. The NACE is relatively new but has instilled more organization in an ever-changing industry. In addition to the NACE, many others have taken advantage of the Esports craze and tied college sports with it. The Fiesta Bowl created a college competition in 2018 to generate additional revenue for their organization. They invited six teams from across North America and treated their players exactly how they handled the Clemson Tigers when they played in the Fiesta Bowl in 2016 (Conditt). This event was the first of its kind and created a natural connection between college athletics and Esports. After the event, those that organized it, from both the gaming side and Fiesta Bowl side, agreed that it was an immense success. They sold out an entire arena and believed the event was a turning point in the Esports world.

As it is essential to understand the enormity behind Esports financially, it is also imperative to understand who makes up the actual market. Esports involves technology, so its popularity comes from first-world countries and parts of the world that on average are more affluent than most. CNN reported that around 400 million people would watch Esports this year and of that, 160 million are Esports enthusiasts. There are a lot of people that love and participate in Esports. With 160 million enthusiasts, Esports cements itself as one of the most popular sports in the world even though it is in its infancy of development.

In the Western Hemisphere, we have the Pan-American Games. The games serve as a prequel for the Olympics and allow athletes from the Americas to compete in Olympic sports like track and field and basketball. There are many games similar to the Pan-American games played throughout the world in different continents. For example, Asia has the Asian games. In those Asian Games, Esports is planning to debut as a sport in four years in Hangzhou, China, and

they still want more (Wade). They plan to make Esports an Olympic sport shortly, and, according to a rumor that the Olympic Committees have already started discussing its inclusion, it might not be too far into the future before Esports becomes an Olympic sport. If Esports can grow as an Olympic sport, it causes reason to believe it can be a viable intercollegiate sport. The NCAA supports many sports already that the Olympics do not, and the primary disparity between the sport is due to the limited global reach of a sport. For example, American football is not an Olympic sport because it is primarily played in the United States, as Men's Field Hockey is only an Olympic sport because of its lack of popularity in the states. However, Esports is universal and possessed the potential to transcend the NCAA and Olympic realms.

Esports is not new on college campuses. Many smaller universities established teams, and there are various student clubs across the country. These clubs and organizations are all relatively new. In 2017, the University of Akron announced that they would build the most massive Esports complex in the world to develop a dominant Esports program and attract the best players to their university (Moody). That plan faced massive opposition as professors thought that Akron was putting more emphasis on gaming than academics. According to the Chronicle of Education, the University of Akron will invest $750,000 into Esports facilities and another $400,000 into program operating costs and $70,000 for game licenses (Moody). Spending that much on Esports is a significant gamble and a gamble that tends to rub many in academia the wrong way, but it arises a massive potential for return on investment.

The revenue drivers of Esports break down into multiple drivers. Listed from largest to smallest, here are the top revenue drivers: Sponsorship, Advertising, Media Rights, Game Publisher Fees, and Ticketing and Memorabilia. With fortune 500 sponsors like Toyota and Samsung, it is understandable that Sponsorship is the most significant driver, but the Esports

industry feels confident in its ability to drive sustainable revenue through Media Rights (Interpret). Media Rights projected revenue grew over 70% from 2017 and is expected to increase for years to come (Perez). Media Rights is a significant driver for the NFL, MLB, NBA, NCAA, and other major sports leagues. The NCAA recently signed an 8-year $8.8 billion contract extension with CBS/Turner to broadcast the annual March Madness Tournament, only giving them the media rights to broadcast while still allowing ESPN and other outlets to redistribute the material. In 2018, the NCAA tournament had over 97 million viewers during the four-week event; meanwhile on November 3, 2018, during the League of Legends championship, there were over 205 million viewers (Perez). Two hundred five million viewers, even just in one day, make it the largest viewed sporting event, if you call Esports a sporting event, in the world.

The Washington Post published a report in 2017 highlighting their perceived inflated profit numbers of the institutions that make up the "five wealthiest" athletic conferences in the country. The article outlines years of spending in which many public universities were unable to drive a profit, operating at a deficit (Hobson, Will, and Rich). The Washington Post believes that the universities make up for their debt by driving up tuition and using their average students to pay for the egregious spending and development of their athletic departments. TCU just approved a $200 million expansion of its stadium to add additional premium seating to bolster the experience of attending a football game. Revenues are growing amongst universities but so are expenses. This fact demonstrates the need for athletic departments to add a sport with relatively small costs and a tremendous opportunity for additional revenues. Esports could be the perfect addition to an athletic department.

If the NCAA starts to add Esports as a varsity sport, they will not be the first major sports league to dabble in the industry. In April of 2017, the NBA had a draft for its newfound NBA 2K League. 17 of the 30 current NBA franchises announced that they were going to create teams in which they would employ a group of Esports players and compete against other teams (Khan). This was a revolutionary idea from the NBA's commissioner Adam Silver which was formulated based upon the popularity of Esports and the basketball video game published by Sega. The NBA is paving the way for other leagues to follow suit and take advantage of the phenomenon which is only growing. They treat their players similarly to how they handle the ones that compete on the hardwood. The NBA recently announced that they are expanding the Esports league to draw attention from overseas. To do so, they are holding a "combine" in Asia in which they will invite the best Asian players to compete (Jenny). At the end of the competition, the NBA will offer the top four finishers a contract to join the league. Players make upwards of $35,000 with full benefits and housing.

These pieces of literature discuss the massive potential that Esports must turn from a cultural phenomenon to an international sport that is here to stay. There is a lot to learn from how it has grown and how many are already taking advantage of it. During the rest of the manuscript, I will analyze the potential Esports has to be an NCAA sport. I will conduct interviews with various professionals in the sports industry and peruse other methods to gain data.

<u>METHODS AND RESULTS</u>

Due to the lack of prior research on the connection between Esports and college universities, the study conducted had to be organic of nature. Throughout the process there was a lot of trial and error – analyze stock prices of publicly traded Esports companies, research the growth of the NACE, and others. The successful approach was to interview current stakeholders in colleges and professional Esports leagues alike to investigate whether there are researchable questions that professionals in their respective fields can highlight. Additionally, through talking and interviewing Esports professionals, I obtained some sparing financial data in which I was able to create two different models of current successful collegiate Esports programs. I reached out to over 15 professionals and unfortunately only heard back from about half of them. The interviews conducted were very informative. Below are the transcripts of conversations that posed new, impactful information as many of the meetings were very redundant. We wanted to speak with administrators from universities that differ in size, athletic competition level, and academic rigor.

Interview 1 – Rocko DeLuca – Deputy Director of Athletics – UC Davis

Jack: With an athletic department such as your own, what factors do you investigate when adding a sport?

Rocko: It is really about the opportunity, competition, and conference alignment. Then the final piece is the financial piece. Institutional fit is probably high on that list.

Jack: If you have, how has your athletics department engaged with your university's current Esports club or organization?

Rocko: They're relatively new, so we have not done anything.

Jack: What challenges do you think will arise with conferences and major athletic departments trying to develop Esports?

Rocko: I think that title IX is going to be a significant issue in how they determine the participation opportunities. Right now, the sport seems gender neutral, but it is hard for teams to keep it that way.

Jack: Do you think the NCAA and conferences like your own should invest in Esports, why or why not?

Rocko: For our level, non-power five mid-major programs, I think it is hard for conferences to look at that even with revenue potential. While we do not offer the level that power five can provide. Other conferences explore something new when they can't obtain their current level. Power five and private schools have a better capacity.

Jack: With Esports being open to both genders although primarily played by men, how do you think the addition of an Esports team would cause issues with Title IX?

Rocko: It would just depend on how many schools and what prong of Title IX they will use to maintain compliance of the law. If they use proportionality, it will be hard unless participated by females.

Rocko   DeLuca brought up some very interesting points about the interest in Esports with an athletic department of his size. UC Davis is not a premier athletic program in the country, and it is a public school. Therefore, they do not have the same excess capital that some other schools may have to invest outside of their current capabilities. As a 20 year veteran in college athletics, his opinion on Title IX's involvements with Esports was significant. He brought up proportionality which

is that a school's athletic scholarship count between male and female should nearly match the proportion of male and female students at the school. Many schools with football programs already struggle to maintain this proportion and are only looking to add women's sports.

Interview 2 – Michael Levy – Associate Athletics Director for Development – TCU

Jack: How does your partnership with clubs like cheer and dance or band work within your athletic department? Do they receive scholar

Michael: Not scholarship athletes and are housed as a student organization that is overseen by TCU athletics marketing department. TCU pays for a full-time spirit coordinator and cheerleading coach. Recently we have been giving stipends for traveling and allow them to eat at our training table with student-athletes.

Jack: Do you think the NCAA and conferences like your own should invest in Esports, why or why not?

Michael: Everyone is keeping a tab on Marquette as it is the only one that has housed it in athletics. One thing that would first ever come to [impede] traction in an NCAA sport is the issue that it is a male-dominated sport and a school like TCU is behind the eight ball with Title IX. Right now, TCU [must] match their female-dominated [population]. Eventually, I think some schools will try to be trendsetters, but I am not sure TCU quite at this point will be a part of this demographic.

Jack: As Esports is a growing industry and sport at the collegiate level when do you, if ever, think it will get your attention?

Michael: I could see it getting traction in five to ten years that replace some sports. At what point do you cut that and become cutting edge. What schools could you cut sports when applications are coming down.

Michael Levy provided essential information about how an athletic department of TCU's size and stature coordinates and works with internal clubs and organizations. Additionally, while anecdotal, I could tell that Mr. Levy became increasingly interested in Esports after I stopped recording the interview. I told him about Twitch, the streaming service owned by Amazon. He seemed perplexed that over 15 million people per day watching other people play video games on Twitch and that Esports is now a nearly billion-dollar industry.

Interview 3 – Dan Clerke – General Manager of EnemyGG and Maryville University Esports

Jack: What is your background and how did the Maryville esports team start?

Dan: Originally, I was a biomedical engineering at [Missouri S&T] and professional call of duty. I commuted to Maryville to pursue a business degree and wanted to start my team. Built an LCS team and Maryville saw that they made it on the local news. The next day the president of Maryville University figured out I was a student and I was in the president's office three days later. We built a program with Maryville given in 2015.

Jack: What is your connection with the athletic department?

Dan: I am directly working with the President and Athletic Director.

Jack: How is your team structured? Does the school give scholarships? How many players?

Dan: There are programs in the country like UCI and RMU that give a lot of participation scholarships (100 scholarship athletes but not substantial scholarships). We want to become the Alabama of Esports (a reference to Alabama football), so we put kids on very intense financial scholarships that covers basically anything. We do not recruit a lot of players (16 right now), but these kids are close to professional ready. It is a lot more intimate setting. Also, Maryville has $2,000 participation scholarships for those that want to be a part of the team, and we have intramural teams.

Jack: What is the current financial structure of your team? Like how much do you pay each year how expensive were facilities? Budget?

Dan: Most of the revenue comes from enrollment from new students that are attracted to the school [because of] the program. We need to become more mature before we sign endorsement agreements. I see that there is the potential of sharing revenue through television and streaming in the future.

Jack: Is your team profitable now, and how do you see profitability changing in the future?

Dan: In the future, there will be revenue share opportunities. This is a situation in which NCAA will be hard to be involved. Infrastructure for like five to 12 computers to start. Depends on the level of support - $4,000 to $4,500 per unit. We built 22 computers in the lab. This year will be the first year of real investment with a 3,500 square feet facility. It is not as if you are fronting a ton of capital. We started with five kids the first year with no one knowing esports, and then the second year we had the longest line on the entire campus at the activities

fair. This year, 70 incoming students listed esports as the primary driver behind why they chose Maryville. Travel is paid for by the top teams to compete everywhere. Travel costs are not really a thing, and we can drive and pay for the hotel easily. Winning essentially pays for everything. These kids can be creative with their time. One of the league of legends kids would get ten kids on the internet in a skype call and charge each of them $40 an hour and would coach both teams as a hole and would get $400 an hour.

Jack: How would your model be successful at other universities and what types of universities do you think it fits best?

Dan: We have a weird approach to this whole Esports program stuff; we do not follow the same model as others and are incredibly focused on competition. I believe the community focus will come afterward. Maryville is kind of on a timer and then when Harvard and Yale come in to play it will be a lot harder to contend. Notoriety and ability to build will be huge. We created the program in a way the projects endemic professional esports. It is not running by anything else in athletics but its own way.

Interview 4 – Mark Deppe – Director of Esports – UC Irvine

Jack: So, Mark, what is your background and why did you start the program at UCI?

Mark: It was the summer of 2015, and I just finished an MBA strategy paper about Esports and thought [the industry] was terrific. I read a Facebook article about Esports on college campuses and UCI was the number one school for gamers given massive gaming club and great computer design program.

Jack: How were you able to get approval from the university to build an arena and how long did it take to start your program?

Mark: We were lucky that we found a sponsor that made the $400,000 stadium cost neutral, so I presented the idea to the university with space and funding. After a year and three months opened the arena and recruited

Jack: How do you use your arena to drive revenue?

Mark: We use the space for a lot of things - 60 PCs lan café business $4 an hour with discounts. The use of our space covers a significant portion – several hundred thousand dollars.

Jack: Is your program currently self-sufficient?

Mark: Everything that we pay for comes from the general budget, literally nothing from campus other than HR and legal support. All the people power comes from the budget. For our scholarships, a starter on varsity receives $6,000, and a substitute or junior varsity player receives $1,000. We recruit based on how good you are and smart enough to get into UCI. We are about to offer our first scholarship in advance to tryouts.
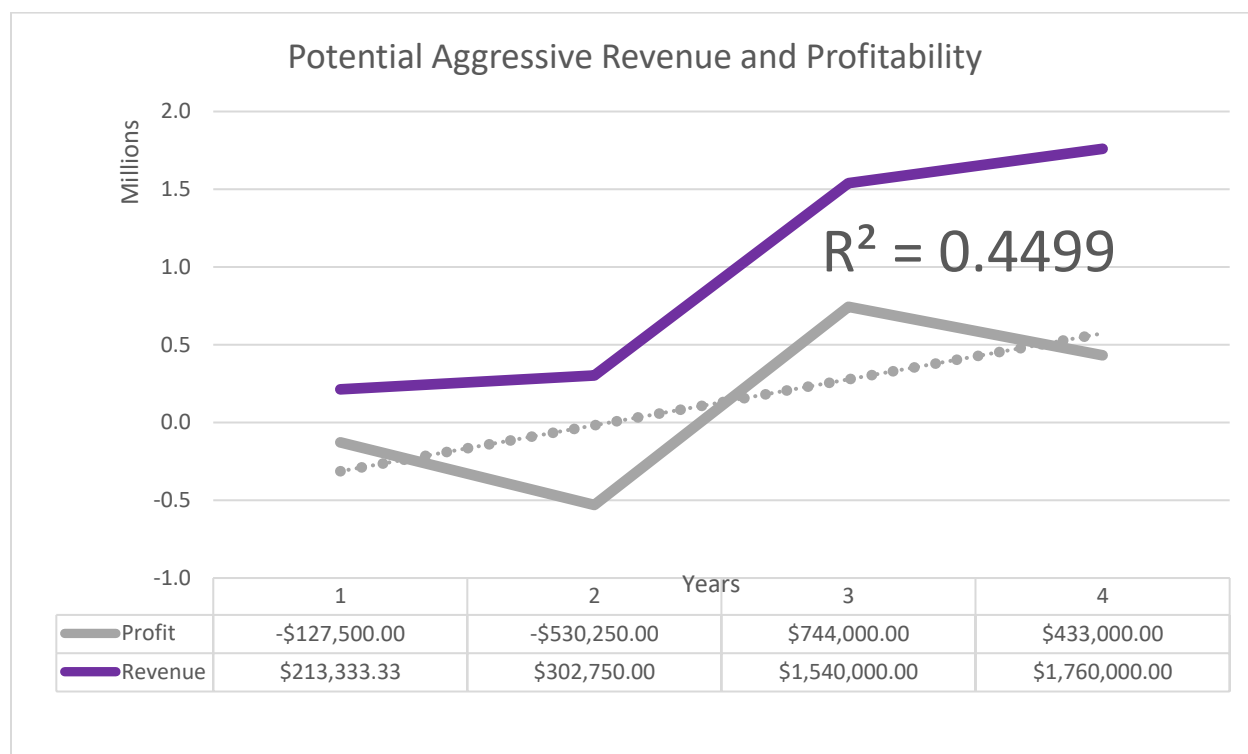
Jack: Do you see Esports as something that will take off on the university level?

Mark: For the university level I have Few thoughts. One, Esports is how we are going to compete given the digital world that we are going into. Viewership is going down in other places given cable television. There are a lot of reasons why traditional sports are going away. Multi-language, multinational, no age, no gender, where you live does not matter – everyone can play Esports. Esports will soon represent
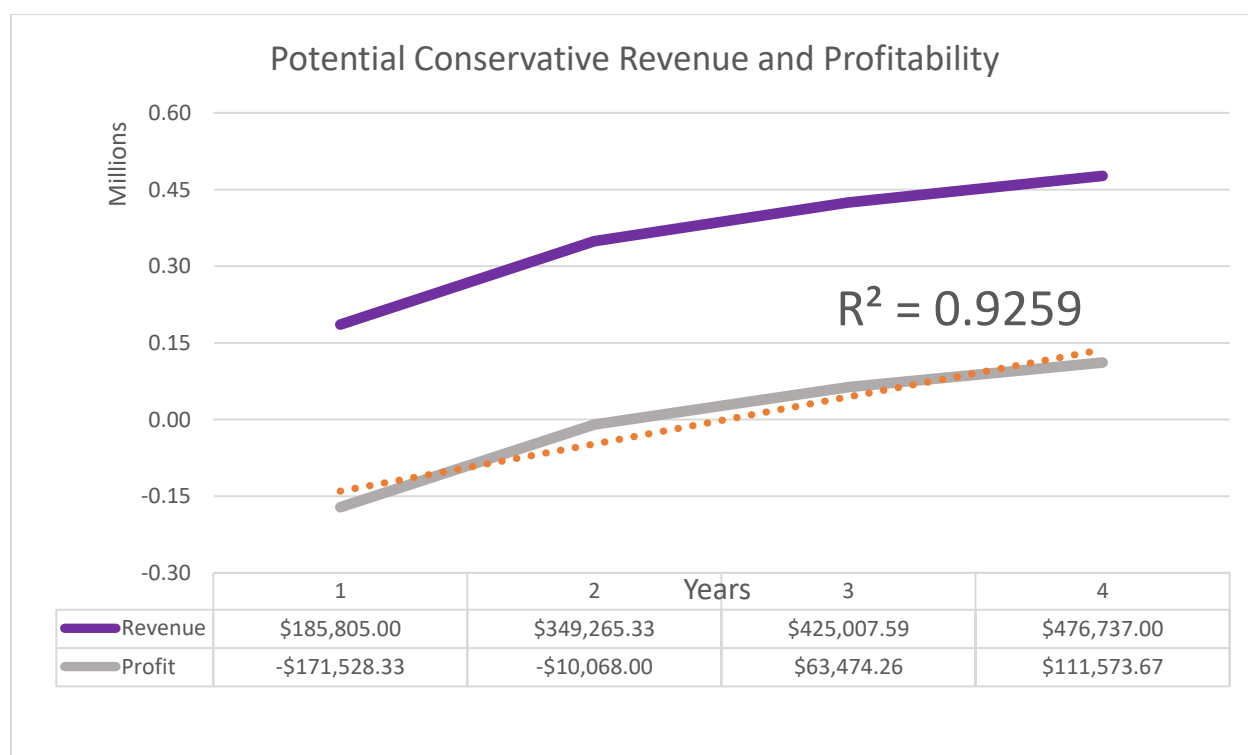
to colleges what college athletic programs provide. Esports will eventually become more popular than most sports.

Both Mr. Deppe and Mr. Clerke are very passionate and optimistic about Esports on college campuses as they have seen it work. Fortunately, they sent me some financial information over the past three years in which I was able to model out the economic success of their programs. Below is two graphs that depict the models. Model 1 is based after the program at Maryville University and is what I call the Aggressive Model. At Maryville, there are higher costs given the more copious amounts of scholarship money but also an opportunity for higher returns. Model 2 is based after UC Irvine and is what I call the Conservative Model. At UC Irvine they gain revenue from their team and the facility that they created for the team. They have lower costs given the lesser scholarship money but also lower returns. The benefit I see to the UC Irvine model is that their gains, although smaller, are a lot more predictable. On the graphs, note the R squared, Model 1 proves gains at a much more variable rate while Model 2 is very consistent. Choosing to develop an Esports program with Model 1 or Model 2 depends on what the goals of the respective university. These models demonstrate the possibility Esports presents to gain additional revenue and profit with the current state of Esports. Everything can change in the future as Esports ingrains itself further or drifts away like a fad.

Model 1 – Aggressive

Potential Aggressive Revenue and Profitability

$R^2 = 0.4499$

	Years			
	1	2	3	4
Profit	-$127,500.00	-$530,250.00	$744,000.00	$433,000.00
Revenue	$213,333.33	$302,750.00	$1,540,000.00	$1,760,000.00

Model 2 – Conservative

Potential Conservative Revenue and Profitability

$R^2 = 0.9259$

	Years			
	1	2	3	4
Revenue	$185,805.00	$349,265.33	$425,007.59	$476,737.00
Profit	-$171,528.33	-$10,068.00	$63,474.26	$111,573.67

DISCUSSION

Through interviews, research, and models created from available data, the viability of Esports as a revenue driver for universities becomes clearer. The original hypothesis connected to the idea that Esports could be an NCAA sport and benefit universities through ticket sales, television distributions, sponsorship, and donations. Over the past year, I tested the hypothesis, and both partly denied and confirmed. Unfortunately, my research had its limitations due to timing and budget constraints. There are a lot of opportunities available for additional research that will potentially validate Esports potential as a gamechanger on college campuses.

From interviews with various stakeholders at universities and in the NCAA, one can hypothesize that Esports does not have the potential to be an NCAA sport due to the issues it could create with Title IX and Amateurism. Title IX ensures that athletic departments have scholarships balanced between men and women with a similar ratio of the university's student body. For example, if a school is 60 percent men and 40 percent women the school should distribute their athletic scholarships to the same ratio. Esports is a unique sport in that both men and women can participate together. Esports right now is more prevalent among men with 80 percent of the current professionals being men. Fortunately, Esports is growing in popularity amongst women, but with its current imbalance, most teams would have a hard time fielding teams with equal men and women.

Additionally, when speaking with an administrator at Texas Christian University, he said that many universities, like his own, are already struggling to maintain their scholarship quota and are actively looking for more women's sports. As Title IX creates a potential problem for Esports becoming an NCAA sport, the NCAA's amateurism rules prohibit its athletes to get paid for their performance or their image and likeliness. Esports and the development of the streaming

service Twitch are centered around compensating the content creator or athlete. In current collegiate tournaments throughout the country, teams are competing to win prize money that they use to pay for travel as well as distribute to the individual athletes. As stated before, that would be against NCAA policy since the athletes can earn money based upon their performance. With Twitch, Esports personalities and players can stream their games and competitions over the internet. The most famous athletes make large sums of money through endorsements, advertisements, and private donations from fans. Streaming and earning cash through Twitch directly violates the image and likeliness policy and again impedes on the potential for Esports to be an NCAA sport.

Concluding that Esports will not be an NCAA sport does not prevent the possibility of the sport driving revenue and positively impacting universities. The schools must take a different approach - see the interview with Dan Clerke, head of Esports at Maryville University and owner of EnemyGG. He thinks that most universities can establish Esports as a student organization or club just like the club dance team, debate team, or intramural teams. The only difference between Esports and an engineering club is that Esports has the possibility of being a major draw for prospective students and potential revenue driver through competitions and popularity. Mr. Clerke spoke about organizations across the country offering to sponsor their teams for amounts over $50,000. He is not sure whether that price is too low so he is waiting to accept sponsors once he can genuinely value Maryville's Esports team's worth. Maryville created their team with one goal in mind, winning championships. They want to become a juggernaut in college Esports, so they have the winning culture and recruiting infrastructure necessary to compete once major universities start developing and building programs.

This project operated smoothly although there were some limitations due to timing, budgets, and all-around lack of research in the subject. When reaching out to potential interviewees for the study, many were unresponsive or did not have quality time to talk due to their busy schedules. When I was ready to interview stakeholders, the NCAA was in the middle of a busy basketball and other sports season. Many of the school administrators were focusing their time on maintaining their quality athletic departments rather than talk with an undergrad student from another university. Additionally, due to budget constraints, the only way to conduct the interviews were over the phone or through skype for the interviewees out of the Fort Worth area. This limited the interaction and depth of conversation in comparison to those I talked to in person. Additionally, there was almost no other research about the viability for Esports as a revenue driver for universities. This allowed a lot of freedom in the thesis but the freedom itself was limiting at times because there was no clear path set from prior research.

<u>IMPLICATIONS</u>

The research conducted in the manuscript best connects with academic administrators, Esports athletes and professionals, and investors. The findings are relevant because they display the potential Esports has to impact universities and expand throughout the united states. There are very few activities or sports in America that can make money through broadcasting deals and ticket/merchandise sales; one can limit that group to Football and Basketball on college campuses. Esports could be an addition to that list soon and must be researched further. As highlighted earlier in the manuscript, if Esports expands across college campuses, it will most likely follow a different model than the traditional NCAA sport. They will be a student organization on campus. This provides an opportunity for current Esports professionals to become head coaches at universities to train and develop their teams. This is a tremendous opportunity for Esports athletes to expand their popularity, gain more income, and improve the grassroots foundation for a very fast-growing industry. Also, if Esports gains popularity in colleges, an entity like the NCAA must be formed to govern, regulate, and represent the member institutions. The NCAA is a billion-dollar entity that represents its institutions and makes money mainly through the few profit driving sports while spending a lot on dozens of other sports. Whatever governing body represents Esports will potentially regulate only one sport that could drive a profit.

The results from the research are valuable for universities across the country thinking about adding an Esports program. Many of them are interested but do not know what the proper channel is to create a team. Another assortment of universities does not understand what Esports is. When conducting research, it was apparent that many administrators became more open to the idea of Esports, if not intrigued by it, once they heard about the enormous revenues that

professional leagues are compiling across the globe. Esports is a very foreign idea to many people. Who would pay money to watch others play video games? Millions. There is additional research that organizations must administer as to how Esports can specifically impact universities through increasing enrollment and ticket, TV, merchandising revenue, but the study conducted demonstrates how current universities are successful (UC Irvine and Maryville University) and gauges different models to potentially create a team, although additional research is necessary.

Per the research, I recommend that private and public universities with excess investment capital could implement an Esports team and program following the UC Irvine Model (Model #2). This model is conducive to steady revenues and enhanced student experiences. UC Irvine secured private funding from a company in Silicon Valley to build an Esports arena. In the numbers conducted in the research and methodology section, that amount was not taken into consideration to keep the results as conservative as possible. I add the anecdote about the private funding to demonstrate the value organizations are putting into Esports. UC Irvine then has varsity and junior varsity teams that both receive partial scholarships. Students and people in the local area are also able to use the facilities that the organization uses similarly to how universities open the rec centers to the public. UC Irvine receives significant revenue from the public renting out their space and paying to use their gaming models. Students, children, and adults want to play Esports. They will pay to play on state-of-the-art systems in state-of-the-art facilities. Creating an Esports team might not only help the university compete in the growing intercollegiate athletic sphere, but also compete against other colleges to be on the forefront of culture. It is cheaper to retrofit a space and make it a fantastic Esports space than many other on-campus enhancements that universities invest in like sand volleyball courts or concerts.

CONCLUSION

Tyler Blevins makes more money than most people. Whether one reads Forbes or ESPN, the results are different but shocking. Low estimates peg Mr. Blevins to make $500,000 a month while others state he made $10,000,000 in 2018. Tyler Blevins is also known as "Ninja," and he is one of the most famous Fortnite players in the world. He streams his Fortnite games every day, and his Easter Sunday stream alone accumulated over 163,000 viewers. Ninja is the perfect example of Esports explosive growth and prominence in today's pop culture, as he is a figure that in the past would be hidden behind a computer. Now he is recognizable amongst his millions of fans, is endorsed by the likes of Red Bull, and appeared in the NFL's 50th-anniversary commercial during the super bowl alongside the NFL's most famous living athletes. His stardom is, quite frankly, insane. He makes a guy like me who has played against his friends in every videogame imaginable envious of his career. We love to watch him play against other top gamers because he is capable of the unimaginable. He captivates our minds almost to the same magnitude that Lebron does with domination on the hardwood. When we play basketball, we try to shoot like LeBron and move like him, the same way we try to shoot like Ninja and move like him when we play Fortnite. Now Ninja is the best of the best, he is a professional, but the world also craves those that will come next – the up and coming superstars. Take Johnny Manziel when he played for Texas A&M or Zion Williamson this year as a Duke Blue Devil, they captivated audiences around the globe because of their skill, athleticism, and charisma the same way that top professionals do. What they also do that many professionals do not, is they give their universities a stage to broadcast their brand. There are kids across the country and probably world that want to go to Duke because they want to be the next Zion. Duke knows their athlete's stardom increases revenues in many different areas from tickets to increased

enrollment. Basketball is a sport that transcends cultures throughout the world. Esports is no different.

As humans, we thirst for competition, and we thirst to see competition at all levels. That is what makes college athletics so successful, but there is a need for additional revenue driving sports. Esports with its overall low costs and potential for revenues could be the answer. Further research must be conducted to validate the exact impact Esports can make as well as what specific schools should implement teams, but the research in this manuscript supports that Esports can have a significant effect at universities. How can one value the exposure internationally that a successful Esports athlete can have for a university? For example, imagine that TCU has one of the top collegiate Esports athletes. Every day tens of thousands of people from across the world watch and listen to her as she competes against others online. She is associated with TCU as her followers follow her during her collegiate tournaments as well. That exposure alone could generate thousands of more applicants from prospective students spanning the globe. It is hard to put a price tag on the potential marketing exposure that Esports can tap into.

Every day I worked on this thesis, the Esports world was changing. When I started, Arlington's $10,000,000 arena was the largest in North America, but in the past month, Philadelphia announced they are building one four times the cost and size. Colleges will start to realize – Esports is not the future. It is now.

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