

The Business Model Network of eSports: The Case of Overwatch

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INTRODUCTION

The world of eSports or competitive gaming has grown exponentially in recent years (Taylor 2012, Woodcock and Johnson 2018). There are many similarities with traditional sports and media businesses, but there are many differences, too, in the eSports industry. With the absence of a standardized governance structure, eSports is predominantly self-organizing and mostly business-driven. Primarily due to the young audience, the global approach, and the digitized environment, the eSports industry does not follow traditional business rules. The eSports ecosystem is, therefore, different from the existing business understanding. Primarily due to its time evolving on its own, the eSports ecosystem has created unique business models that only partly follow the market logic established in traditional industries. Furthermore, every other sector may have an interest in investing in eSports, leading to a situation where not only entrepreneurs are keen to participate, but also traditional media companies, sports organizations, or any other brand that may be interested in reaching a young audience. Consequently, there is an observable clash of business models, leading to a high degree of dynamism.

The eSports industry with its various stakeholders can be seen as an interwoven network, where stakeholders need each other to work and to succeed. Although eSports organizations challenge existing business models, they are part of the value creation. The eSports industry is driven by innovations and technologies, but also by the interconnection of creative people trying to exploit technologies to the fullest. This unique setting, aligned with the start-up mentality and an understanding of interconnectedness, led to a distinct network of stakeholders. Although the eSports industry is continuously evolving, the knowledge of being a network eventually to monetize the audience is still a driving force of every business model in the eSports industry, as depicted in the following figure. This increased interconnection underlines the importance of a business model network in which the business models of every stakeholder interact with the other business models, leading to an increase in profitability throughout the system (Scholz 2019) The business model network thereby goes beyond the understanding of value creation based by the five forces

defined by Porter (1985). The business model network focuses on value integration with an emphasis on cooperation rather than a threat. There are threats of new entries, buyer power, and supplier power, a risk of substitution, and competitive rivalry, but there is also a need for cooperation to utilize synergies.

Moreover, contrary to the five forces, there is also a certain synergy that allows strategic management, connecting the business models. Focusing on value integration, every single business model is linked with other business models in the network, creating one combined business model network. This interconnection requires efficient use of dynamic capabilities (Teece 2018). Therefore, every stakeholder will need to share some resources and potentially some sources of profit with other stakeholders to create a sustainable and thriving business model network in which they also have a thriving business model.

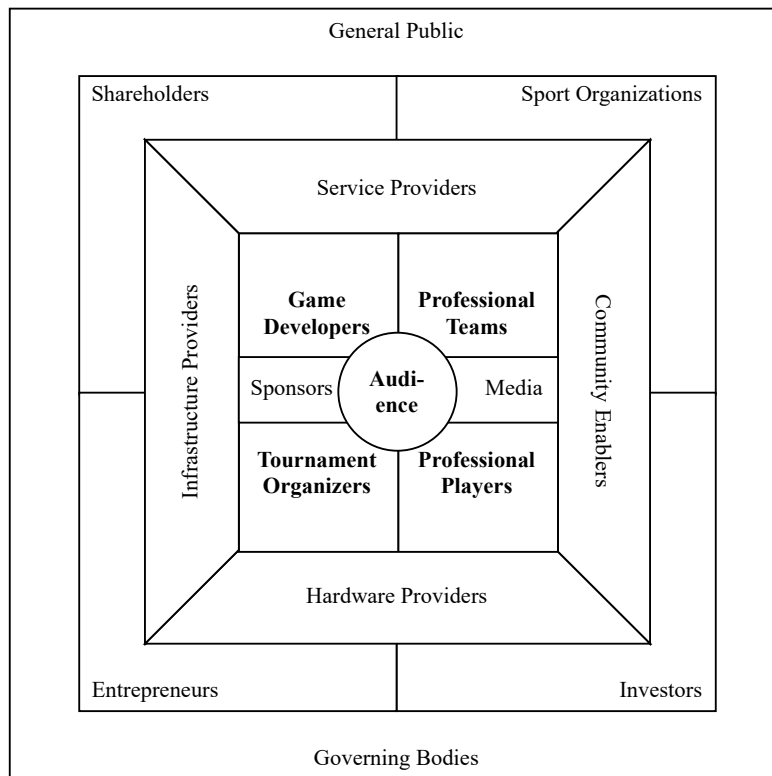


Figure 1: The Business Model Network of eSports

The basis for any long-term success of an eSports-title is to find a sustainable balance in which every stakeholder can find their spot in the eco-system. Based on the unique environment in every eSports title, the business model network could differ slightly. For example, the role of the game developer in Overwatch (Blizzard 2016) is exceptionally dominant, but the part of the game developer in Counter-Strike: GO (Valve 2012) is not dominant at all. At the moment, the future of the Overwatch League is not bright, and there is still a risk that the league will collapse in two years with renegotiations concerning media rights and sponsor deals. By enforcing and dominating its business model network, the game developers may diverge from the eSports industry in creating their closed industry and trying to retain every stakeholder. The case of Overwatch will be highlighted in this presentation as an example of a business model network in which the game developer actively tries to control every part of the game and the league. By that jeopardizing the long-term success of the eSports title as one of the top games in the eSports eco-system.

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