VANCOUVER ESPORTS STRATEGY

VANCOUVER ECONOMIC COMMISSION

Vancouver Esports Strategy

Published February 2021

Survey responses

- 308 community respondents
- 20 esports-related organizations

Interviews and roundtables

- 5 roundtables
- 69 organizations
- 85 individual leaders

Project Funders and Stakeholders

- Western Economic Diversification Canada
- TELUS
- Vancouver Hotel Destination Association
- Tourism Vancouver

Vancouver Economic Commission Team

- Shawn Caldera
- Claire Campbell
- Ingrid Valou
- James Raymond
- David Shepheard
- Shivam Kishore

Method

Over the course of this study, Vancouver Economic Commission (VEC) assembled a database of BC-based esports leaders comprising more than 100 experts, companies and industry organizations to collect local insights and assess the BC ecosystem.

VEC's qualitative data collection employed a number of methods, beginning with facilitated roundtable discussions (September 2019 through February 2020) that discussed esports events, branding and sponsorships, scholastic esports, technology and infrastructure. Qualitative insights drawn from these roundtables helped shape the topics and questions covered in subsequent one-on-one interviews with business advisors. In addition to pinpointing understanding successes, pain points, opportunities and areas requiring support in the BC ecosystem, VEC collected additional insights from individual interviews with industry experts to identify and map esports communities and industry nodes across BC.

Upon completion of the interviews and community mapping, VEC deployed surveys to these communities to gather quantitative demographic, habitual and predictive data. As BC esports communities were instrumental in distributing the survey, responses featured in this report's BC's role and context section are reflective of participants in BC's esports communities and distinct from the general population of gamers (casual or otherwise); therefore, they may be incidental to trends in non-esports video gaming communities.

VEC contextualized its BC ecosystem assessment with additional 2018 Gaming Community Data and 2019 Gaming Industry Data published by the Entertainment Association of Canada. To provide further context for a gap analysis and strategy, VEC commissioned TwogNation – an esports organization specializing in esports networking – to deliver an international assessment of Vancouver's esports ecosystem, along with a survey of global best practices from 11 notable esports-ready cities across North America, Europe and Asia.

VEC respectfully acknowledges that it is located on the traditional, ancestral and unceded territory of the Skwx̱wú7mesh (Squamish), Səl̓ílwətaʔ/Selilwitulh (Tsleil-Waututh) and xʷməθkʷəy̓əm (Musqueam) Nations.

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Executive Summary

As an industry, esports sits at the busy intersection of competitive sporting, games development and consumption, tourism and hospitality, and web-based content creation and broadcasting.

Thanks to the Vancouver region's proven track record in hosting international sporting events, talented community and committed fanbase, and attractiveness as a tourism destination, Vancouver and BC have all the foundational qualities to capitalize on an industry set to double its global revenue from $1.1 billion in 2019 to $2.2 billion in 2022. These qualities are further augmented by the province's recent demonstration of economic resilience and public health management in the context of the COVID-19 pandemic, combined with increased global interest in esports facilitated by lockdown conditions and physical distancing measures.

The maturation of BC's esports ecosystem will diversify and strengthen the Western Canadian economy by attracting more international companies and players, generating revenues for the private and public sectors, and hosting more international sporting events with significant direct and indirect spinoff benefits, including job creation for local workers.

For the region to assume a global leadership role, however, there must be comprehensive, open-minded and strong cooperation between local tourism, telecommunications, venues and athletic talent; as well as support and establishment of government policy, community-driven governance, infrastructure development, and corporate and public-sector sponsorship.

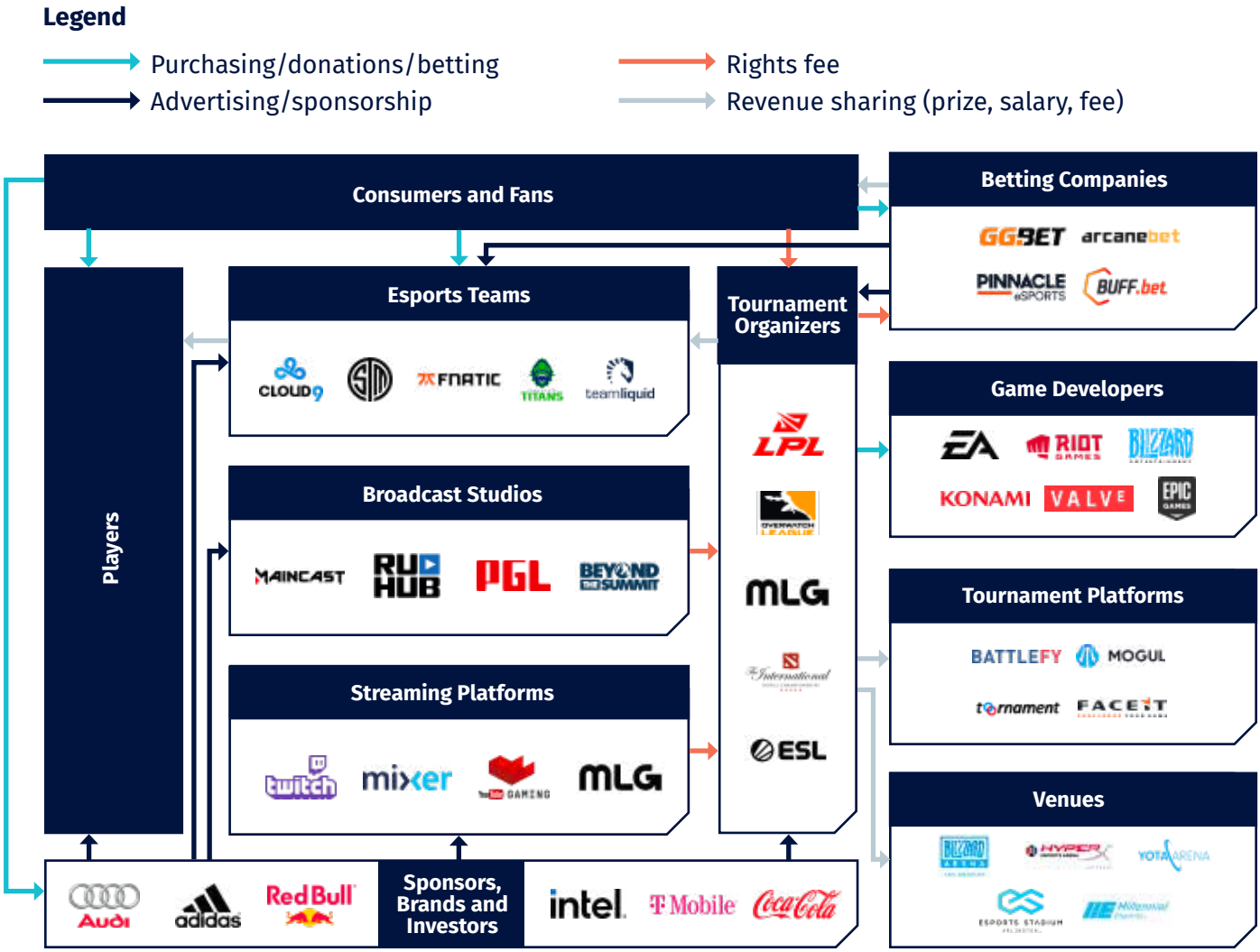
This report includes an overview of the global and local esports industry, including a summary analysis of leading hubs acting on esports initiatives and strategies.

The report will:

- Help readers determine the potential esports economic opportunity in Vancouver and BC
- Establish understanding of the steps required to amplify and enhance esports across the region, and support coordination within stakeholders
- Facilitate BC industry leaders' and policymakers' decision-making process by providing insights into other cities' success strategies
- Help the local esports community develop valuable partnerships and initiatives with global esports players and companies
- Build on insights with a proposed set of strategy recommendations and tactics aimed at transforming Vancouver and BC into an international esports hub

Figure 1.1 illustrates the general relationships between notable player, tournament organizer and fan stakeholder groups or organizations. The reciprocal interplay between elements in these key areas result in activities that characterize a healthy esports hub, described in four groups or issues: the presence and leadership of esports participants; the organization of esports events; government initiatives that facilitate esports' development as an industry; and other miscellaneous but critical elements that advance the state of esports through sporting or industry development. Our ecosystem and gap analysis, along with strategy recommendations, are based on the relationships between these foundational components and their presence in the ecosystem.

Figure 1.1 – International esports ecosystem map



Vancouver Titans

Ecosystem insights and gap analysis

An independently conducted assessment of Vancouver's esports industry by TwogNation indicates that Vancouver has significant room to grow into its potential. Though Vancouver has established quality components of a robust esports industry – including events hosting and organization prowess, a highly innovative and entrepreneurial startup ecosystem, and robust video games development and tech sectors – they have generally operated independently from one another. These siloes present a significant hurdle for Vancouver's development as an esports city, especially when compared to 11 of the top esports hubs around the world. Expert insights gathered through VEC-facilitated industry roundtables and one-on-one interviews agree that until better cohesion is achieved, Vancouver will lag behind leading esports hubs in North America, Western Europe and Asia, and will continue to remain comparatively unknown on the global stage.

Vancouver is home to offices of prominent international game publishers with multibillion-dollar market caps, such as Take Two Interactive ($19.05 billion), Electronic Arts ($38.36 billion) and Nintendo ($66.99 billion). The city is also home to numerous multifunctional world-class stadiums and venues like Rogers Arena and the Vancouver Convention Centre. When considered alongside dedicated esports arenas such as The Gaming Stadium and Net8 esports arena, Vancouver's proven sport and international conference hosting history are tremendous assets, complemented by favorable visa policies for international esports players travelling to compete in tournaments. All of these factors should combine to elevate Vancouver's reputation as an inviting and successful esports city. However, despite Vancouver's proven capacity to host major sporting events, there have been no high-profile, international esports events held in the region, save for two major tournaments organized in 2017 and 2018 (NA League of Legends Championship Series and Dota 2: The International 2018 tournament).

Esports associations play a pivotal role in locating, understanding and uniting various ecosystem players, and may also be set up to coordinate esports events. Although Vancouver's esports community benefits from the anchoring influences of strong university and college-level gaming organizations, several ranked league teams, its robust entertainment sector, and community grassroots organizations across BC, there are currently no major esports associations or chapters functioning in Vancouver. As such, the creation and operation of a well-functioning association could be highly effective in unlocking Vancouver's potential, and moving the dial from a modest, steady rise to accelerated growth.

1.2 Issue tree for becoming an esports hub

Figure 1.2 illustrates some of the tactics, policy-levers and measures that Vancouver will need to catalyze, acquire or implement in order to compete with leading esports hubs.

BC's largest regional esports hub is the Southwest Mainland, which includes the Metro Vancouver and Fraser Valley regional districts. Other hubs include Vancouver Island, whose primary esports activity centres in the south, around Victoria; the Southern Interior cluster, centred in Kelowna; and Northern BC, where most esports activity revolves around Prince George and its university district. Each industry and community node is anchored by the largest urban centres in region (Vancouver, Victoria, Kelowna and Prince George), and is clustered around reliable broadband access and high speeds. Vancouver is the largest and most active of these four regional esports nodes; for this reason, the recommendations outlined in this report focus on Vancouver. However, each node has its own industry connections, business operations, and grassroots community events, and this report's strategy recommendations may be read, considered and applied towards them as well.

COVID-19 lockdown measures have had an immense effect on esports and the video games industry, with all game segments seeing an increase in engagement and revenues as a result of amplified consumer interest during self-isolation. Consumer spending on mobile gaming has particularly soared, owing to its low barriers to entry and accessibility. However, lockdown measures have also impacted many grassroots community groups, some of which sprang up because certain hardware limitations require tournaments of console-exclusive games titles to be held in person. The struggles of some community groups, forced to move entirely online or switch to remote-only events, have also exposed the limitations of BC's endemic broadband and internet infrastructure in remote communities.

The gap analysis spends some time discussing options for education-related esports tactics at both the secondary and post-secondary level, and touches on hoped-for advancements in infrastructure, staffing and policy requirements. Generally, the esports industry advocates for the introduction of new curricula as a lever to improve its standing and the quality of work-ready talent for the sector and support industries. However, to thoughtfully implement and integrate these proposed curriculum changes requires significant additional research and engagement with various public funding and regulatory bodies, including Ministries of Education, regional school districts and municipal school boards.

The Gaming Stadium

Recommendations

There are two main stages to this report's recommendations: the local stage and the international stage. The local stage's set of actions focuses on introducing and developing the key factors necessary to unlock cohesion, growth and collective planning in the Vancouver and BC ecosystem; these actions are also scalable to the rest of Western Canada. The international stage builds on the local stage to enhance the city and province's international reputation and establish Vancouver and BC as a global esports hub.

While it's not necessary to complete the first stage prior to beginning work on the second, establishing a rock-solid local ecosystem and community will only improve Vancouver and BC's position, and prepare the region for success internationally.

These recommendations are directed broadly towards ecosystem leaders, specifically policymakers, bureaucrats, esports company founders, community organizers, investors, and prospective events and infrastructure sponsors.

Stage 1: Local

- Improve cohesion of local esports ecosystem
- Establish an esports association
- Introduce policies to formalize esports as a form of traditional sports
- Introduce policies to improve esports infrastructure and cluster development
- Encourage local esports events and esports in education
- Build investor confidence in esports companies

Stage 2: International

- Attract international esports leaders, such as games publishers, event organizers, sports teams, and training institutions and academies, to open new offices in Vancouver
- Host international esports events
- Engage and guide cross-border investors
- Refine pathways and processes for esports-related immigration and work
- Develop and distribute international-facing marketing materials

WHAT IS ESPORTS?

Esports is organized, competitive video gaming.

As a form of sporting competition, its scale ranges from neighbourhood pick-up games and tournaments to professional leagues culminating in high-production-value finals played in stadiums packed with tens of thousands of fans, and watched online by millions more.

Traced back to the early days of arcade machines in the 1970s, esports is a direct product of the $152 billion global video game market. Despite its overlap with today's games industry, esports' competitive sporting characteristics distinguish it as a standalone industry with unique needs. While NewZoo, a leading provider of games and esports industry market intelligence, valued the global esports industry at US$1.1 billion in 2019, prior to the pandemic, the sector's value was projected to nearly double to US$2.17 billion as soon as 2023.[1 2] While the pandemic has caused a drop in revenues attributed to a drop in live audience ticket sales, NewZoo asserts both supply (audience) and demand (organizers) have remained steady.[3]

This is good news, because the past decade has seen esports break into mainstream interest and coverage: traditional sports broadcasting channels are now running esports programming, and sports teams and associations like the National Basketball Association (NBA) and Major League Soccer (MLS) have begun to conduct their own esports events. According to NewZoo, the total esports audience will grow by 11.7 percent over 2019 levels, surpassing 490 million viewers by the end of 2020.[4] Nearly half of those viewers are esports enthusiasts, while the rest are casual spectators.

Not all games become esports. While any multiplayer game with competitive elements and a strong fanbase has the potential to become an esport, those that succeed share three fundamental values: competition, compelling content, and connected community.

2020: A digital sporting paradigm

At a time when many of the world's industries slowed and shifted towards remote working protocols, the esports industry barely registered the economic effects of the COVID-19 pandemic. Even prior to the spike in interest attributable to quarantine behaviour, the esports industry was already set to benefit from shifting media consumption patterns, including increased content streaming habits and market penetration of esports-capable gaming devices. Communities were anchored, publishers secured their fan bases, and the world reached a tipping point of digital maturity – in broadband infrastructure, services and knowledge – particularly in urban centres.

In 2020, esports experienced an exponential increase in interest from both gaming and non-gaming communities – a direct result of the COVID-19 pandemic and resulting lockdown and physical distancing measures. Traditional and staple sporting events pivoted their approaches to delivering content, and companies like the sports equipment and footwear manufacturer ASICS, used VR/AR (virtual and augmented reality) to launch products on public livestreams.[5]

Additionally, many regular spectators turned to esports versions of their preferred sport. Broadcasts on ESPN, TSN and other sports networks have featured esporting counterparts of NBA, National Hockey League (NHL) and – most notably – the National Association for Stock Car Auto Racing (NASCAR), whose iRacing event racked up 1.3 million viewers on livestreams.[6]

Content creators for sites like Twitch, YouTube and Mixer likewise saw unprecedented growth during the pandemic. Twitch, a popular broadcasting site for digital content creators, had a pre-pandemic audience of 1.2 million viewers per month; since the lockdown, the company has seen an overall audience increase of 24 percent.[7]

The esports industry is at an inflection point.

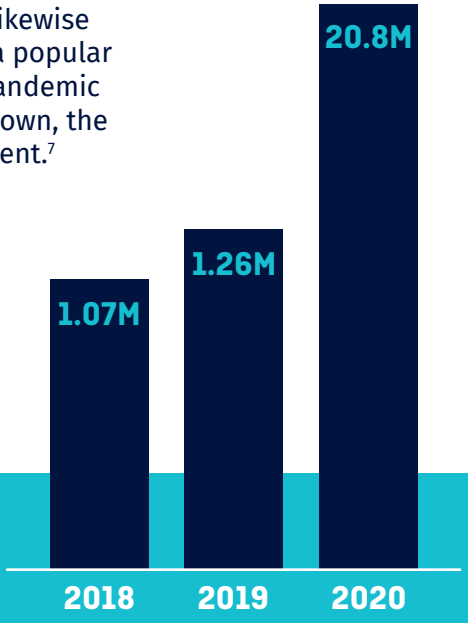


Figure 2.1 – Average concurrent viewers on Twitch

Source: TwitchTracker.com

The global market

US$1.1 billion
global revenue in 2019

Esports has maintained rapid growth at an average rate of 27 percent from 2017 to 2020, reaching US$1.1 billion in 2019.[8] Global revenues are forecast to continue growing at a CAGR of 16 percent from 2020 to 2022, with North America, Asia and Western Europe accounting for approximately 90 percent of overall revenues. According to TwogNation, approximately half of esports fans are based out of Asia.[9]

Esports audiences are growing in tandem with revenues, a trend that is forecasted to continue at a combined annual rate of 12 percent from 2020 to 2022.[10] Notably, half of the global esports audience is based in Asia: China alone accounts for approximately 30 percent of global audiences, triple the size of North America's audience; South Korea accounts for approximately three percent of global audiences.

NewZoo has revised its original 2020 revenue generation estimates from US$973.9 million to US$ $950.3 million. However, the market research group has cited in-person ticket sales and merchandising purchase as the cause of the fall in revenues, noting that neither the esports audience nor organizers have dwindled and concluding that both demand and existing levels of supply remain steady.[11]

The industry's growing significance has spurred companies and governments in international hubs to enter and support the growth of their local esports industries.

Trend spotlight: Console and PC gaming revenues

PC and console hardware technologies have made significant strides with the advent of microprocessors, with consoles generally leading in form factor innovation, including portable gaming, while PC gaming leads in areas pertaining to raw computational power and bleeding-edge technology for professional gamers.[12]

729 million
players

6.8% y-o-y
revenue growth

US$45.2 billion
projected revenue

Console

The three major players in the console market are Sony Interactive Entertainment (PS4), Nintendo (Nintendo Switch) and Microsoft (Xbox One)[13]. Each of these players relies heavily on intellectual property and exclusive titles to drive sales of games and console units. Consoles and games sales volumes surged in 2020 Q2 despite aging console hardware as more casual gamers rushed to entertain themselves in lockdown. Analysts expect sales to spike with the upcoming generation of new consoles.

- Estimated 729 million players
- Anticipated 6.8 percent revenue growth year-over-year to US$45.2 billion
- Physical distribution, cross-company collaboration and certification are a major part of console development; as such, this market segment may be affected by the economic slowdown

1.3 billion
players

4.8% y-o-y
revenue growth

US$36.9 billion
projected revenue

PC (personal computer)

While competitive PC gaming has been feasible for decades thanks to local area network (LAN) capabilities, the viability of improved accessibility and options for high-speed internet have allowed competitive play to become mainstream.

- Estimated 1.3 billion players
- 4.8 percent growth year-over-year to US$36.9 billion in 2020
- All new growth and spending may be directly attributable to COVID-19
- PC games moved from physical to digital distribution years prior to consoles achieving the same transition

Source(s): NewZoo, vgchartz

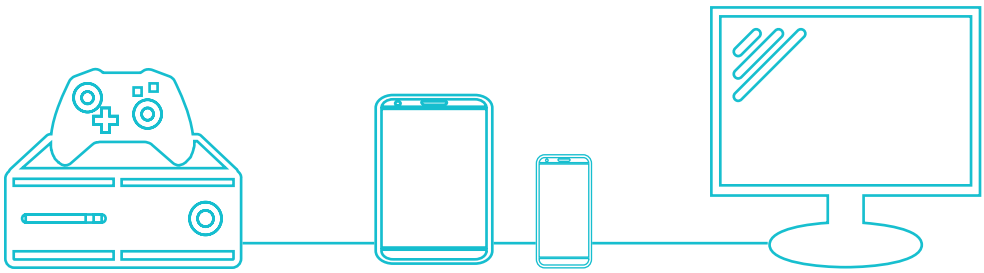
Esports subsectors by video gaming platform

The esports industry is segmented by modes of gameplay – namely, the PC, mobile, tablet and console platforms. Each of these market segments follows the same esports ecosystem structure, but trends are generally led and driven by different stakeholders (i.e. games publishers, investors, tournament organizers). However, some key players and industry leaders compete in both PC and mobile segments (e.g. Tencent, NetEase).

Global Video Games Market

9.3% y-o-y
forecast revenue growth for video games market in 2020

The global video games market is forecasted to generate revenues of US$159.3 billion in 2020, representing year-over-year growth of 9.3 percent. This growth is driven by a complex series of increased consumer interest and spending across all platform segments as a result of coronavirus lockdown measures – a positive trend that has persisted despite COVID-19-related delays in anticipated big-name title releases and a global economic downturn.



Trend spotlight: Mobile esports in Asia

According to NewZoo, mobile or pocket gaming has been the global games market's fastest-growing segment for the past five years, occupying around 40 percent of market share.[14] However, in the Americas and Europe, mobile esports continues to lag behind PC and console esports, owing to a completely different social dynamic with mobile games that TwogNation attributes to distinct cultural trends.

Asia's rapid mobile esports growth is catalyzed by several factors, including:

- Greater cultural acceptance of pocket and handheld gaming
- Greater market penetration owing to rising use of mobile devices in the region
- Additional room for growth; in 2019, China had achieved approximately 60 percent market penetration for approximately 850 million users, with significant potential for expanded audiences
- Government support for esports, including favorable policies for all industry segments
- Lower barriers to entry in comparison to PC and console games
- Lower barriers to access (i.e. not necessary to go to mobile cafes for broadband)
- Less complex development process for mobile games when compared to console or PC
- Concentration of key mobile esports games publishers' offices
- Increased spending and consumer engagement as a result of coronavirus lockdown measures

Mobile Games in China

850 million
users in 2019

60%
market penetration in 2019

Exploring the viability of duplicating these favourable conditions for mobile esports in BC and Canada could be a topic of future study.

ECOSYSTEM COMPONENTS

Identifying and understanding key players in a healthy esports ecosystem

- Ecosystem leaders
- Governments
- Events and venues
- Education and talent development
- Esports associations
- Private investments

Ecosystem leaders

These ecosystem leaders advance the profile of esports among mainstream audiences, or operate businesses that create and maintain spaces in which esports activities and events may take place.

Game developers and publishers

Game developers and publishers create and distribute video games. Depending on their business model, primary revenue sources stem from game and in-game content sales to players. Another revenue stream is licensing, and rights-related fees gained from tournament organizers hosting tournaments for their game. Additionally, game developers often act as tournament organizers themselves; examples include Riot Games' League of Legends Championships and Valve Corporation's The International for their Dota 2 title.

Teams and players

Competitive players are a central pillar of the esports industry. As with traditional sports athletes, activities such as trading players, brand deals, sponsorships and marketing campaigns are fixtures of the esports world. Esports team organizations often own and operate facilities and training personnel for the players they recruit and train; they also frequently manage multiple teams competing in different esports titles. Leading teams around the world include Team SoloMid (TSM), Cloud9, G2 Esports and SK Telecom T1. According to Forbes, seven out of 10 of the highest-valuation teams are based in the US.

Streaming platforms

Video streaming platforms in esports enable players and content creators to upload their content or livestream their gaming activities. These consist of juggernauts such as Twitch, YouTube and Mixer, in addition to newer players in the field such as Juked.gg. A large portion of the esports industry's revenue comes from streaming sites.

Third-party tournament organizers

While first-party developers may host their own events, third-party companies focus on, and specialize in, organizing esports events (e.g. ESL, MLG). These companies share revenue with game developers, usually in the form of licensing fees. Additional revenue comes from merchandise sales, brand advertising, and rights fees from broadcast studios and streaming platforms. Part of this revenue feeds into tournament prize pools for winning teams.

Community platforms

Esports community platforms are online platforms where players can register and participate in tournaments (e.g. Battlefy, FACEIT), bet on events (Betway) and interact with other players (Discord). Tournament organizers (game publishers and third-party organizers) share revenue with tournament platforms to fund tools needed to build their competitive community. For instance, tournament community platforms provide game developers with tools to integrate esports leagues into their titles and help third-party organizers create, distribute and manage their competitions.

Broadcast studios

Broadcast studios produce video content covering esports topics, including commentating on tournaments and producing analytical programs (e.g. Maincast, Beyond The Summit, VGBootCamp, RuHub, Imba TV). Broadcast studios generate revenues through brand advertising and paying rights fees to tournament organizers for their content. In addition to streaming online content, these companies may air their content on select cable services (e.g. GINX.tv in Canada).

Governments

Supportive governments are a critical component of successful global ecosystems, able to provide subsidies and industry legitimacy; shape residency and immigration rights for esports athletes; help with international trade and export logistics; and assist with improving options for accredited esports courses in the education system.

Government subsidies

Depending on the scale and nature of government involvement, government subsidies may go towards funding startups and enterprises, including subsidizing rent and other overheads such as hardware purchases, esports business attraction and expansions, infrastructure and venue construction, and support for athletes.

Legitimacy and formalization

At minimum, formal recognition of the esports industry by governments is a prerequisite for effective policy, conferring legitimacy and – to some extent – confidence in the sector. Effectively implemented, formalization could eliminate ambiguity around esports as a sector, such as within immigration or census departments, and facilitate the collection, processing and allocation of data, visas and funding. Another critical outcome of governments recognizing esports as a legitimate career field is the involvement and buy-in of education ministries and other departments that shape and set school curricula, with the potential outcome of cultivating local talent pools.

Residency and immigration rights

There are numerous examples of esports athletes encountering difficulties and bureaucratic confusion when attempting to cross a border for an international tournament or league, and some incidents result in competitors being denied entry. Jurisdictions with esports ambitions recognize and address this in different ways, either by adding esports into an existing visa category (e.g. UK's Sportsperson Visitor visa) or establishing dedicated categories for professionals (e.g. Germany's program for athletes from non-EU countries). However, some countries restrict visitation to athletes with international profiles, as with the US's eligibility requirements for its six-month P-1 visa or three-year O-1A visa.[15] [16]

Events and venues

Events are the lifeblood of the esports ecosystem. Whether online, in-person, or some combination of both, events generate revenue; engage fans, investors and communities; and showcase athletes and gameplay. Successful esports cities and regional hubs also demonstrate support and acceptance of esports events and activities.

Tournaments

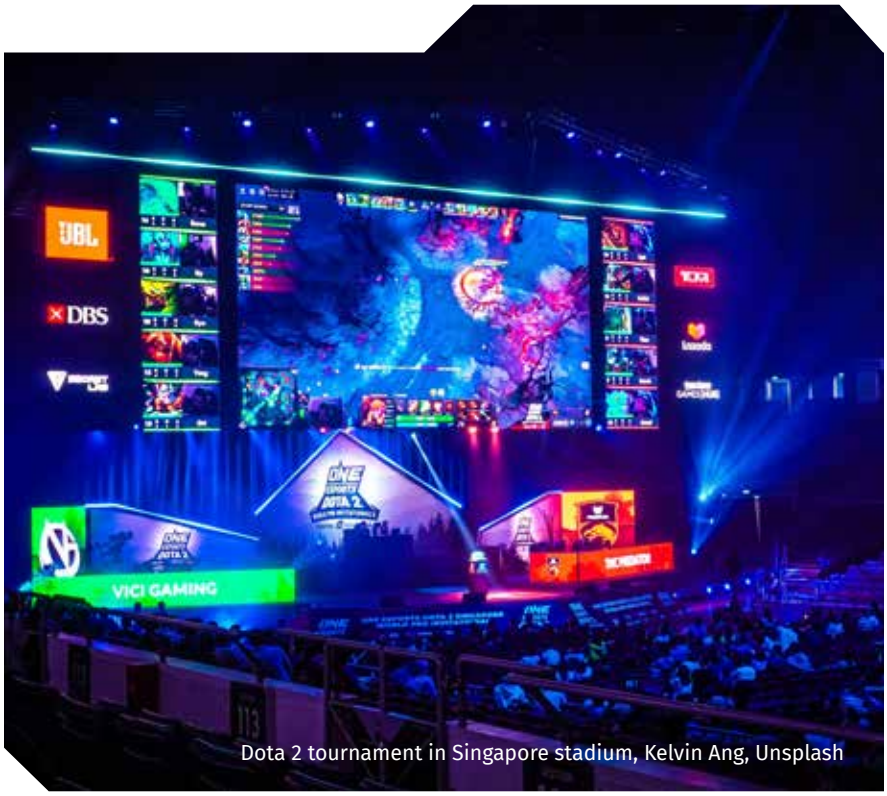
Tournaments are the most common form of esports event, and the most significant in terms of revenue generation, audience attention and esports community influence. Due to their visibility, tournaments affect how communities form their competitive and entertainment cores.

Leagues

Like their traditional sporting counterparts, esports leagues are highly effective at keeping esports communities engaged, and the larger ones can make a huge impact on the international profile of competing teams and host cities. Leagues are organized by developers or third parties, and may be further configured to create esports continuity and identity for specialized groups, such as highschool, collegiate and city-based esports. Esports leagues based on traditional sports games are growing in global popularity.

Venues

Esports hubs require established venues to host a multitude of events. These may consist of purpose-built or ready-to-configure venues, which include LAN centres, multifunctional venues used for esports events, dedicated esports venues, collegiate venues and training facilities. However, large esports events are usually organized in either dedicated esports arenas or multifunctional venues.



Dota 2 tournament in Singapore stadium, Kelvin Ang, Unsplash

Education and talent development

A diverse offering of well-regarded educational and training institutions underpins talent attraction and development in any industry, and esports is no exception. A key characteristic of strong esports hubs is the presence of private, public and community education programs and initiatives.

Universities and higher education

Los Angeles' UC Irvine was the first public university to introduce an official esports program. Following this, Beijing's Communication University of China introduced esports studies to develop talents in esports management and game design. In 2016, the Ministry of Education in China introduced Esports and Management as a regular supplementary major for higher education institutions.

Vocational schools and academies

Esports programs are also present in technical and vocational schools; and, there are esports academies sponsored by professional team organizations to accommodate the increasing popularity of esports and prepare for a growing demand of esports professionals. Examples include Area08 Academy by the Ninjas in Pyjamas from Sweden, and Bundesliga Esports Academy by Hertha in Berlin.

High school esports

In the US alone, up to 19,500 high schools could end up competing in esports leagues overseen by their national scholastic sporting body, the National Federation of High School Associations (NFHS).[17]

The success of high school esports programming hinges on buy-in and involvement of supportive non-profits, such as North American Scholastic Esports Federation (NASEF), which can guide, train and provide resources for educators, parents and other adults whose students or children are interested in the esports space.

Publishers have also been known to support high school esports, with top developers like Riot Games[18] and Blizzard Entertainment dedicating resources and support to high school esports leagues throughout the world.[19]

Alex Haney, Unsplash

Esports associations

Well-run esports associations can unite and motivate the players and components of an esports hub. In addition to acting as the industry's advocates and experts, and as the first points of contact for queries into the sector, esports associations can help standardize ethics and codes of conduct, regulate players and teams, and organize events.

Esports associations' varying effectiveness is impacted by several factors, including their scale and scope (local, national or international); recognition of public authorities and governments; whether they organize high-profile esports events; and whether they are members of international esports associations (e.g. the International Esports Federation).

Melissa Dex Guzman

Private investments

Esports funding may be grouped into corporate investors, venture capital, individual investors and traditional sports teams. Following the growth of the esports industry, all four are investing more money into esports companies, teams, events, venues and training facilities.

Corporate sponsors

As with traditional sporting, corporate sponsors support players, teams and events, and sponsoring brands or companies are not limited to esports stakeholders. Multinational corporations like Coca-Cola and Audi have already sponsored major esports events, and corporate sponsorship will increase as the market grows.[20]

Venture capital

Venture capital funds tend to focus on startups offering a variety of services attached to esports. (e.g. tournament platforms, fan chats, streaming platforms, analytics platforms etc.)

Traditional sports teams

Traditional sports teams enter the esports industry by creating, partnering or acquiring esports teams.

INTERNATIONAL BEST PRACTICES

According to TwogNation research, the most effective way for a city to become an esports hub is to first establish the formation of a local esports ecosystem. Once this foundation is laid, the city can then turn its attention to developing its international presence as an esports hub by attracting international players and hosting international events.

Esports hubs from around the world

What we learned from 11 esports cities

To understand where Vancouver and BC stand in the esports industry arena, researchers selected 11 cities around the world with notable esports ecosystem strengths in three areas: players, tournament organizers, and consumers and fans. These components work collectively to cultivate ideal conditions for an esports hub, and the 11 cities selected demonstrate this clearly. However, a deeper dive into the success behind each of these jurisdictions yields insights into specific factors that helped these cities' esports performances leapfrog ahead.

Los Angeles, Seattle, Atlanta

Core Strength: presence of largest global game developers

The US is home to some of the world's most prominent and successful esports game developers. Collectively, they have released top game titles and founded some of the world's largest esports competitions and tournaments - initiatives that have gone a long way to develop the esports ecosystem in the US. For instance, Riot Games released League of Legends and hosted three world championships in Los Angeles, while Valve Corporation hosted The International tournament series for its Dota 2 title in Seattle from 2012 to 2017. However, the past few years have seen growing numbers of major US-founded esports events moving to China. This may be related to stricter border controls in the US combined with opportunistic actions by the Chinese government as China aims to develop its own esports industry.

Shanghai, Beijing, Guangzhou

Core Strength: government initiatives

The Chinese government is notable for supporting its esports industry with subsidies for esports organizations, companies, venues, clubs, streaming platforms, event organizers and events. The government also released a series of policies to formalize esports in the country, addressing topics such as construction and operation of esports venues, and the development of a registration system for professional athletes. These policies have collectively facilitated industry development, promoted investor confidence and raised public awareness. Supplementing government investments is a healthy flow of private capital from esports companies; for example, NetEase invested over US$700 million to build the NetEase Esports Park in Shanghai.[21] Shanghai is positioned as the esports capital of China, boasting more than half of the world's most prominent esports teams; more than 40 percent of esports competitions; and the greatest volumes of investment from private companies and local governments.


Melissa Dex Guzman

Seoul

Core Strength: global games centre

For 20 years, the cable channel OGN has been televising (and organizing) esports tournaments, significantly contributing to esports' accessibility and popularity in South Korea. OGN is headquartered in Seoul, which is known today as the global centre for esports games. Another key driver may be the anchoring presence and influence of the Korean Esports Association, established in 2000, which contributed to the professionalization of the sport and created a framework for esports development.[22] The Korean Sport & Olympic Committee has since recognized e-gaming as a professional sport, likely influenced by the Korean Esports Association's membership in the National Olympic Committee of South Korea – a level of influence and involvement that is uncommon even in other countries engaged in Olympic esports advocacy, such as Germany. Today, Seoul has a healthy esports ecosystem saturated with teams, game developers and event organizers; leading esports athletes are treated like celebrities, and high-profile events are an ongoing draw for international fans and tourists.

Berlin, Paris, London, Stockholm

Core Strength: investing in proven success

European cities appear to follow the pattern for success set by China and South Korea, aiming to formalize esports by creating esports associations and competing for the attention of esports companies and players. Despite lagging behind other jurisdictions in legitimizing and formalizing esports, these cities are leading the development of the esports industry in Europe, anchored by establishing international offices of the biggest game publishers, tournament-winning esports teams, and headquartering tournament organizers and platforms.

Figure 3.1 – Heat map of esports activities in international hubs

Where darker colours indicate greater concentrations of the component outlined in the left-hand activity column.

Strong | Moderate | Some

	Los Angeles	Seattle	Atlanta	Shanghai	Beijing	Guangzhou	Seoul	Berlin	Paris	London	Stockholm
1. Presence of esports ecosystem participants in the city											
Game publishers	Strong	Strong	Moderate	Some	Some	Strong	Moderate	Some	Strong	Some	Some
Esports teams	Strong	Some	Some	Strong	Some	Some	Strong	Moderate	Moderate	Moderate	Moderate
Streaming platforms	Moderate	Strong	Some	Moderate	Moderate	Strong	Strong	Some	Moderate	Some	Moderate
Tournament organizers	Moderate	Moderate	Strong	Some	Moderate	Moderate	Moderate	Some	Moderate	Strong	Strong
Tournament platforms	Strong	Strong	Moderate	Moderate	Some	Some	Some	Some	Strong	Strong	Strong
Broadcast studios	Strong	Moderate	Strong	Strong	Moderate	Some	Strong	Moderate	Some	Moderate	Moderate
2. Organization of esports events											
Events	Strong	Strong	Some	Strong	Moderate	Some	Strong	Moderate	Moderate	Moderate	Moderate
Leagues	Strong	Some	Moderate	Strong	Some	Some	Strong	Some	Moderate	Moderate	Moderate
Venues	Strong	Strong	Strong	Strong	Strong	Strong	Strong	Strong	Strong	Strong	Strong
3. Government initiatives to facilitate esports development											
Government subsidies	N/A	N/A	N/A	Strong	Moderate	Moderate	N/A	N/A	N/A	N/A	N/A
Registration systems/ formalization of esports	Some	Some	Some	Strong	Strong	Strong	Strong	Moderate	Moderate	Some	Some
Residency rights for esports athletes	Some	Some	Some	Some	N/A	N/A	N/A	Strong	N/A	Some	N/A
4. Other elements of esports success											
Esports associations	Some	Some	Some	Moderate	Moderate	Moderate	Strong	Some	Some	Some	Some
Esports education	Strong	Moderate	Moderate	Strong	Strong	Strong	Strong	Moderate	Moderate	Moderate	Moderate
Private investments	Strong	Some	Moderate	Strong	Moderate	Moderate	Moderate	Moderate	Moderate	Strong	Moderate

BC'S ESPORTS ECOSYSTEM ASSESSMENT

BC esports communities

As reported by surveyed grassroots communities

Canada's role and context

Canada's video and digital games ecosystem has steadily matured over the last decade. According to the Entertainment Software Association of Canada (ESAC), mainstream acceptance of games and gamer culture accelerated between 2016 and 2018. An estimated 64 percent of the population, or 23 million Canadians, played some kind of video game in the four weeks preceding being surveyed in June 2018. According to NewZoo, approximately 1.5 million of these gamers may be considered esports enthusiasts (defined as watching esports at least once a month).

23 million
Canadians are regular gamers (since 2016)

10 hours
Avg. time Canadian gamers play/week

39 years
Avg. age of Canadian gamers

1.5 million
Canadians are esports enthusiasts (2018)

Demographics by gaming platforms

Understanding the Canadian games market and the market penetration of games platforms for esports will provide a snapshot for the broader context and potential of esports in Vancouver and BC. Experts suggest that understanding the way audiences interact with their games provides insight into how each platform can service esports communities, in addition to shaping how esports titles are enjoyed and played.

46%
of Canadians play on mobile most often

73% of Canadians have played a video game on a mobile device in the last month

89% of Canadians own a mobile device

24%
of Canadians play on PC most often

57% of Canadians have played a video game on a computer in the last month

89% of Canadians own a PC

26%
of Canadians play on consoles most often

54% of Canadians have played a console on a computer in the last month

29% of Canadians own a handheld console

1%
of Canadians play on VR most often

3% of Canadians have played a VR console on a computer in the last month

Source(s): ESAC and Nordicity, 2018

2019 industry and economic impact

For decades, Canada's robust entertainment and software development industry have diversified into games development, and now comprise a notable portion of our knowledge-based economy. However, with the rise in virtual reality and increasing uptake for mobile games, there is still significant room for growth. Today, Canada's games development industry still relies on a significant amount of service work, and could use greater diversification and IP development and retention, particularly in the publishing industry.

377
small studios
(<4 employees)

256
large studios
(>100 employees)

Almost half of all games development companies in Canada are independent studios, composed of teams of four or fewer employees; the largest studios (with more than 100 employees) comprise approximately 37 percent of all Canadian-based games companies. This shows there is a respectable spread across anchor companies and independent development contractors in the Canadian market, but a relative lack of mid-sized boutique players, who often add great value, innovation and flexibility to an ecosystem.

There is a strong correlation between cities and regions with robust games development hubs and their potential as prominent esports hubs, and a corresponding trend with core esports events visiting these provinces' major cities.

692
games development studios

27,700
full-time jobs

$77,300
average annual salary

Games development studios by province

34%
Ontario

34%
Quebec

17%
British Columbia

BC's esports ecosystem today

BC's esports ecosystem is young compared to many other sectors. A majority of the province's esports businesses were founded post-2010, and nearly half of the respondents to VEC's industry survey indicated they started their businesses within the last three years. Players, participants and content consumers in BC's esports communities are very engaged; they often own multiple consoles, and report weekly gameplay levels well above the national average.

The following pages features insights of BC's esports ecosystem from an analysis of responses by surveyed grassroots communities and businesses. There are approximately 30 to 40 companies in BC today whose primary service or product relates to esports – examples include tournament organizers and esports events software. Beyond these esports companies, however, there are many more in support industries, such as games development, telecommunications and software development, that consistently engage in esports-related activities.

BC esports businesses insights

Esports businesses engage in diverse activities. Figure 4.1 illustrates the most commonly reported activities in BC – notably marketing and sponsorship, followed by content creation, software creation, and event hosting services and activities. There is a clear opportunity for BC esports companies to expand into other revenue generation services to diversify the ecosystem, including event commentation, and hardware and team development.

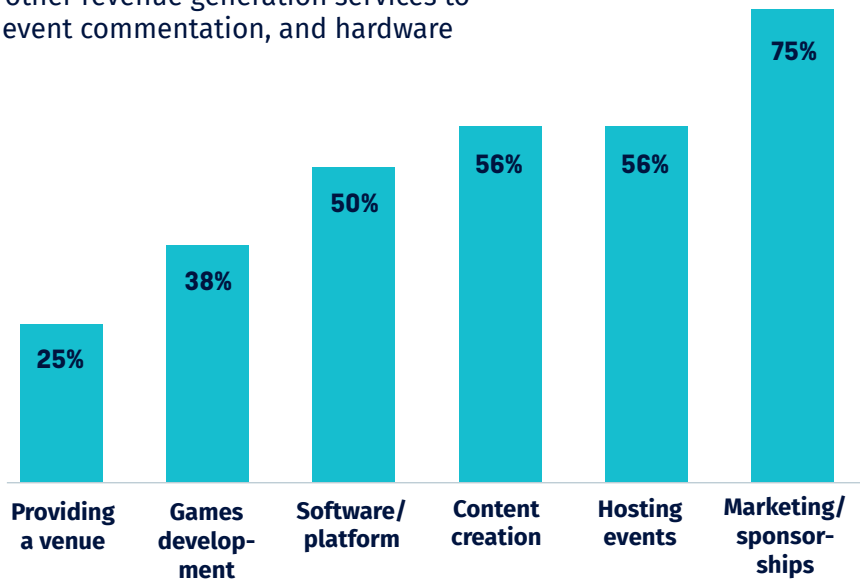


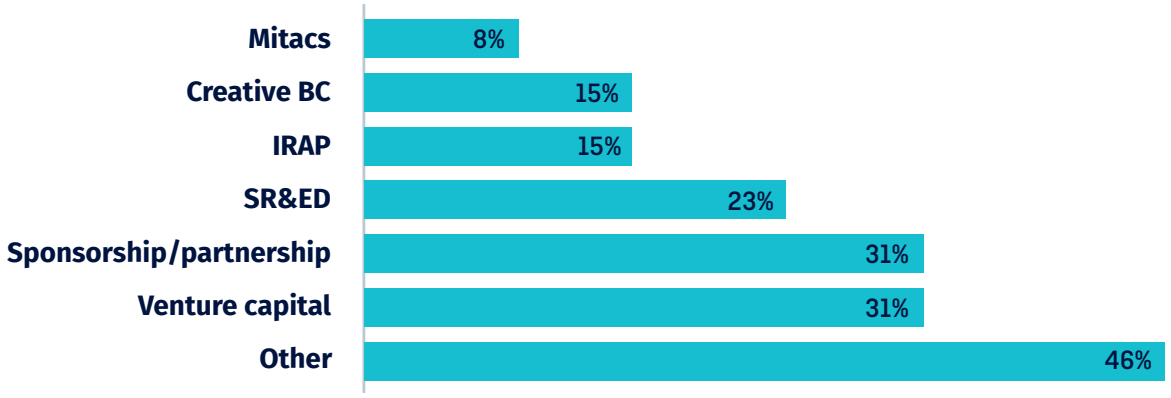
Figure 4.1 – BC esports company activites by type

Investment and capital

There are pockets of BC investors who have begun to expand their portfolios with emerging technologies, and are seeking to engage with esports companies outside of BC. This suggests a disconnect between BC investors and BC esports companies, and outreach to both investors and companies confirm this could be due to a general lack of connection between Vancouver and BC esports innovation, and venture capital and private investor communities.

- The majority of respondents (81 percent) report their companies have raised or received capital from outside of Canada but within North America (ie United States)
- 62 percent of respondents report capital sourced from within BC, while fewer than half (38 percent) receive funding from outside of BC but within Canada

Figure 4.2 – Common sources of BC esports funding by type



Venture capital funding (31 percent) is one of the most common sources of capital for esports companies.

- Other sources refer to public stocks and angel investments (46 percent), and sponsors or partners (31 percent)

BC esports organizations and businesses are able to grow and thrive with smaller funding amounts relative to many other startups featuring tech or games development products. This may be due in part to the predominance of sponsorship, marketing and event hosting activities over and in conjunction with software creation and development.

- Few esports companies report being able to rely on government programs owing to a combination of their sector being poorly understood and limited availability of government support programs
- There is value in engaging more of BC's community of early-stage investors (rather than solely seeking funding from US investors); expanding networks across Canada; and tapping into international trade networks, such as the Canadian Trade Commissioner Services

Spotlight: Notable Investments

Notable investments in the last five years include The Gaming Stadium ($2.5 million), The HomeKey ($500,000), Battlefy ($12.5 million), Sherwa ($500,000) and WTFast ($1.5 million). Most of these companies are based in Vancouver; WTFast is the only esports-related company based outside Vancouver with notable success in raising investment.

Compared to other companies in sectors related to tech, particularly with stronger emphasis on software development activities, esports companies in BC have thrived with comparatively smaller investment levels. This could be due to the prevalence of marketing and sponsorship activities among BC esports businesses, and their business models for revenue generation.

$500,000
The HomeKey

$500,000
Sherwa

$1,500,000
WTFast

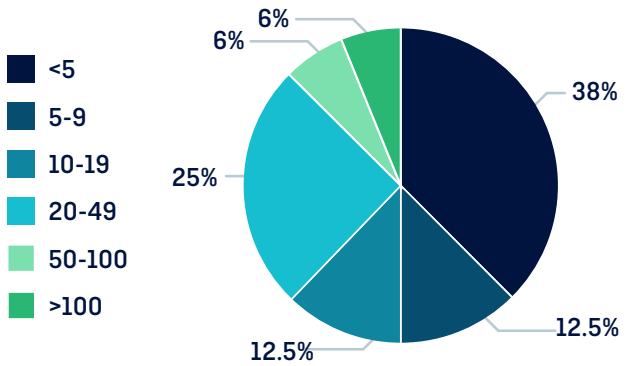
$2,500,000
The Gaming Stadium

$12,500,000
Battlefy

Employment

The large majority (88 percent) of BC esports companies are small- and medium-sized enterprises (SMEs) with fewer than 50 employees.

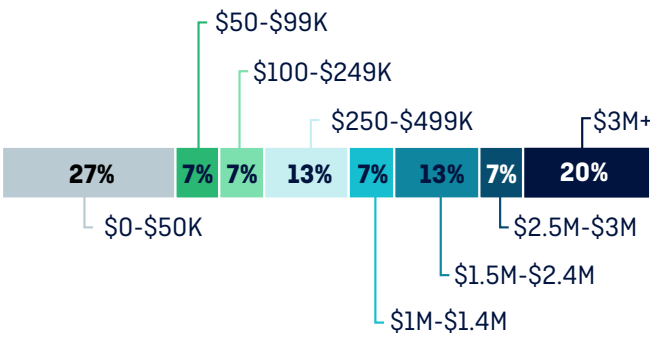
Figure 4.3 – BC esports businesses by employee count



- Respondents report that 88 percent of esports-related jobs could be done remotely
- Approximately half of BC-based esports companies represented in the survey have employees based outside of BC
- Some respondents report challenges with finding or recruiting experienced esports talent, including competing for experienced software developers. This suggests esports companies are being forced to look outside BC for the talent they need

Revenues

Figure 4.4 – BC esports companies by 2019 esports revenues



- 20 percent of surveyed businesses reported revenues greater than $3 million
- 27 percent of surveyed businesses reported revenues of less than $50,000
- 20 percent of surveyed businesses reported revenues between $1 million and $2.5 million
- The remaining 33 percent of respondents reported revenues varying between $50,000 and $1 million

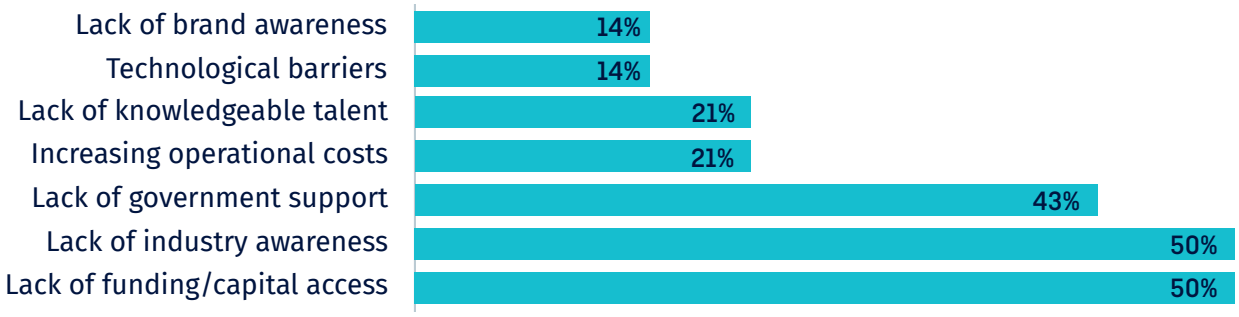
Challenges

BC's esports innovations and opportunities are poorly understood by policymakers and non-esports participants. In the study commissioned by TwogNation, researchers suggested this lack of understanding may be part of a broader cultural trend of stigma associated with gamers and professional gaming culture. However, it has not been reported as a great concern by business or community survey respondents.

Most common challenges for esports companies:

- 50 percent find raising funding or capital in the industry challenging
- 50 percent report lack of public and general awareness of the industry
- 43 percent reported lack of government support

Figure 4.5 – Common challenges for BC esports companies



- Many esports companies are startups with first-time founders who have yet to build their investor or business networks, or lack awareness of supportive organizations and business growth programs like BDC and Innovate BC
- 71 percent of respondents have never received assistance from support organizations when growing their business

DOTA 2 Championship 2018
Rogers Arena in Vancouver, Canada

Melissa Dex Guzman

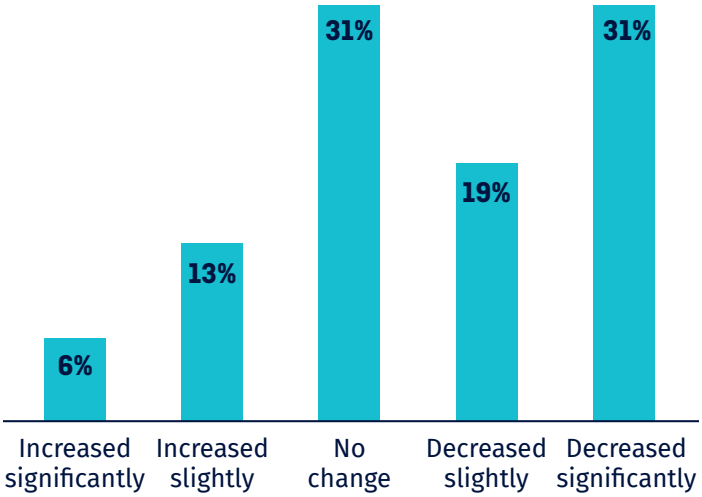
COVID-19 impacts

This section outlines specific impacts, challenges and opportunities that have arisen as a direct result of the COVID-19 pandemic and associated public health measures, such as voluntary self-isolation, quarantine, and the economic downturn beginning in late 2020 Q1; and responses from surveyed esports businesses and grassroots communities, including event and tournament organizers.

Business impacts

Although resilient, esports industries have still felt the impact of lockdown and other public health measures. Esports businesses whose business models or revenues rely on in-person events, such as leagues run out of games stores, have suffered significantly as a result of COVID-19, with some closures reported by smaller businesses in Northern BC.

Figure 5.1 – Revenue impact of COVID-19 on BC esports companies



- In BC, 50 percent of esports businesses reported a slight decrease (19 percent) or significant decrease (31 percent) in revenues as a result of the pandemic
- These revenue reductions may be attributed largely to the suspension of events and in-person community initiatives
- Despite COVID-19 straining global industries, more than 88 percent of BC esports businesses reported being able to support work-from-home conditions
- A third of BC esports companies report online followings of greater than 30,000 people. This reflects the social media influence that helps esports companies thrive even in lockdown conditions

Community impacts

Adverse effects on in-person events

Healthy community engagement in events and content creation are universally integral to successful esports communities. Lockdown has adversely affected the community's ability to gather in person. While most esports communities provide a hybrid of online and in-person events, 22 percent of surveyed esports community members reported their communities as being active through in-person events only.

Seventy-six percent of respondents said that prior to lockdown, their community was able to gather in at least one central meeting location, such as a game store, university or public library.


The Gaming Stadium

Adverse effects on console-based esports popularity in BC

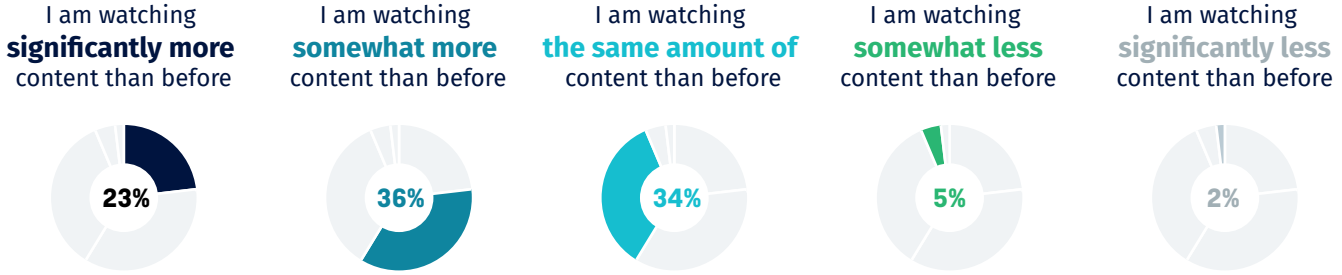
Lockdown also disproportionately affects console-based esports, which can frustrate players with remote connectivity issues during online competition – something normally avoided through in-person connectivity.

Many of the console-exclusive fighting game titles most popular in BC's esports are especially susceptible to this challenge, and esports organizers have reported fears of a corresponding decline in community participation as members of their community switch to platforms (PC and mobile) and genres (multiplayer online battle arenas, first-person shooters) that provide more reliable online performance in competition.

This presents an opportunity for community organizers and sponsors to leverage any dispersal of grassroots esports communities to reach and contact new esports markets and expand their networks.

The pandemic has also impacted the content consumption habits of esports community members. Nearly 50 percent of surveyed community members say they watch more esports content today than pre-COVID, with only seven percent reporting a decrease in their watching habits.

Figure 5.2 – Content consumption impact of COVID-19 on BC grassroots communities



Opportunities

The pandemic has had severe adverse effects on support industries and esports businesses that rely on and deliver in-person events.

Even prior to the pandemic, there has been intermittent experimentation with a **hybrid model** for live esports events. This model delivers events and tournaments in which competitors – sometimes from other regions – participate in person and remotely. However, there has not been consistent success among esports businesses to overcome current hardware and software limitations. While certain console-related limitations may prove impossible to overcome, hybrid event models hold great potential for improving the industry's resilience, and solutions may be found for non-console-exclusive titles. Tourism and event organization agencies may have additional insights into hybrid in-person–remote event models.

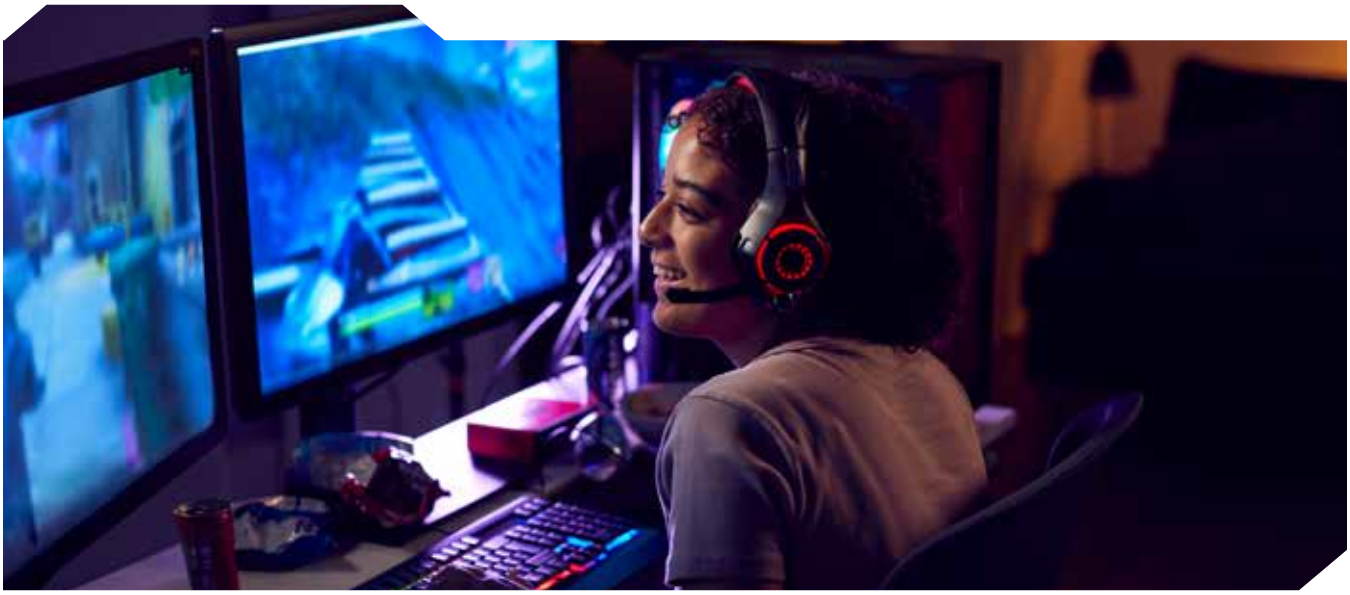
Infrastructure

Infrastructure remains a key barrier to implementation of hybrid models. The fibre optic infrastructure that delivers ideal online video gaming conditions is rare outside of major urban centres; there is not a consistent network environment suitable for competitive gaming outside of BC's urban regions, such as the Lower Mainland, Greater Victoria and Kelowna. Communities in Northern BC are at an acute disadvantage.

Ensuring equal access to sufficient internet connectivity and broadband infrastructure for all British Columbians will also facilitate greater participation in the digital economy.

Immigration

Closed borders and restrictions on non-essential international travel limit opportunities for esports-related tourism and events. However, this is an opportune time for federal authorities to review and eliminate ambiguities in work permitting and immigration for professional athletes, and for esports athletes and workers in particular. Planners may take their cue from the BC film industry, whose efforts resulted in a swift remobilization and opening of the sector's work.[16]



BC esports communities

The majority of participants in BC's esports community are young people. Ninety-six percent of survey respondents reported their age as under 30, with high school and college/university age brackets making up the biggest segments. As shown in the figure 6.2 below, esports is enjoyed by people across a wide range of household income levels.

89% identify as male

96% under 30 years old

90% active in esports community

43% heavy gamers (35+ hrs gameplay/week)

Twitch preferred platform to watch esports

Figure 6.1 – BC esports communities by weekly content consumption

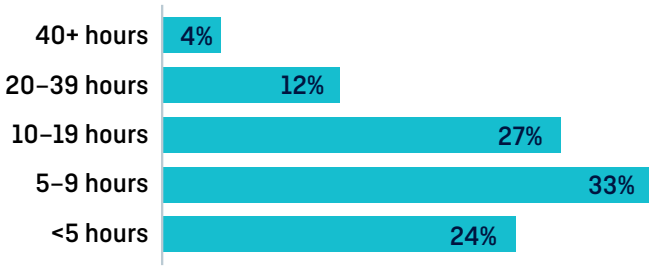


Figure 6.2 – BC esports communities by household income

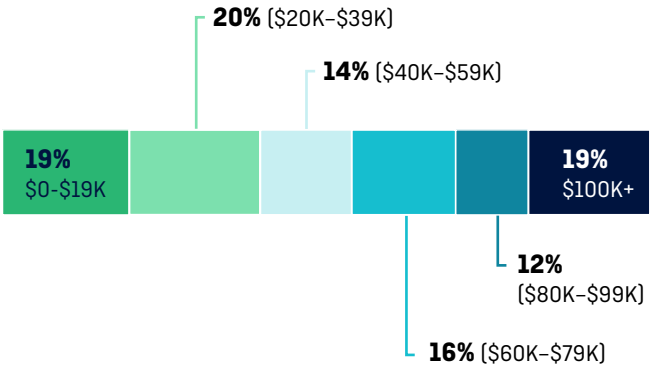


Figure 6.3 – BC esports communities by hours of weekly gameplay

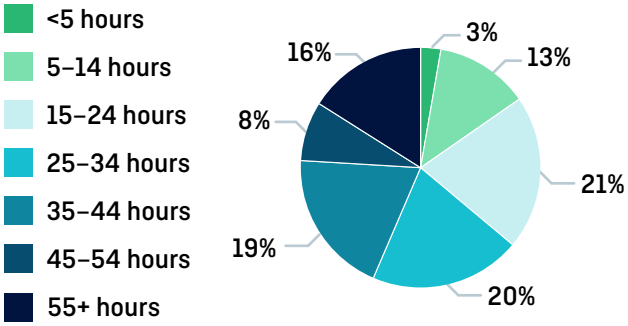
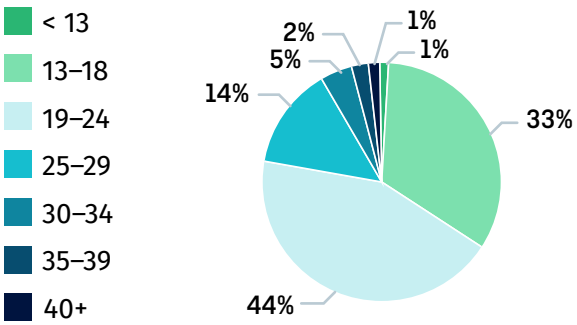


Figure 6.4 – BC esports communities by age group



Diversity and inclusion

Recent years have seen the North American video games industry – particularly publishers and developers – make large strides in improving accessibility and community management for their player bases.

Most survey respondents (83 percent) reported feeling their communities were welcoming to members of underrepresented groups, including gender non-binary, Black, Indigenous and other people of colour (BIPOC), people from LGBTQ+ communities, and people with disabilities.

However, there is a notable gender imbalance among respondents, with more than three-quarters of respondents identifying as male, only six percent identifying as female, just over one percent identifying as being a third or non-binary gender, and nearly four percent preferring not to disclose their gender at all. Among respondents identifying themselves as female, Indigenous, of African descent, and LGBTQ+, the feelings that their esports communities felt inclusive generally remained consistent with other respondents. However, of those respondents who preferred not to disclose their gender identities or sexual orientation at all, the response of "not at all welcoming" more than doubled.

In all cases, gender non-binary gamers and gamers with disabilities were felt to be made less welcome than female, BIPOC, or other members of the LGBTQ+ community.

The proportion of surveyed esports community members who report being lesbian, gay, bisexual, pansexual or asexual is 23 percent – significantly above Canadian averages, which trend as low as the three percent last captured by Statistics Canada in 2014. This is notable even when taking into consideration the concentration of LGBTQ+ peoples in BC urban centres such as Vancouver and Victoria.

23%
identify as gay, lesbian, bisexual, pansexual or asexual

15%
identify as North American Indigenous

6%
identify as female

Figure 6.5 – Surveyed grassroots communities by gender

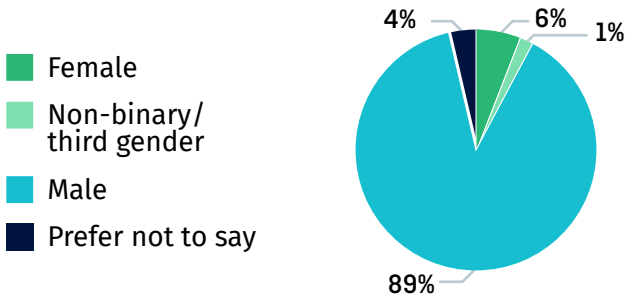
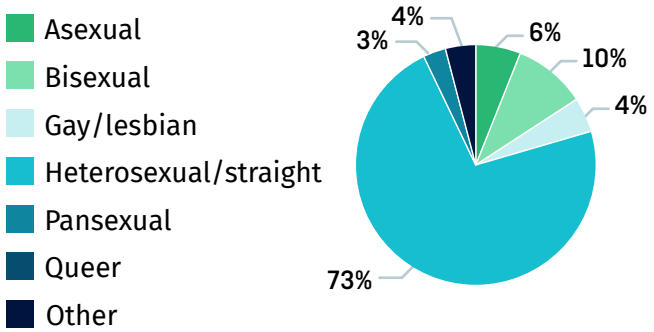


Figure 6.6 – Surveyed grassroots communities by sexual orientation



BC grassroots communities

Certain esports games – particularly console titles (i.e. Super Smash Bros.) – are more likely to develop in-person communities owing to hardware and software limitations, which present challenges when used for remote or online competitions. As such, these titles may be overrepresented in grassroots communities that organize in-person events. Other popular esports titles, such as Call of Duty, Counter-Strike: Global Offensive, League of Legends, Dota 2 and Overwatch lend themselves more reliably to remote and online competition conditions.

Favourite genres:

- **Fighting games:** e.g. Street Fighter, Super Smash Bros.
- **First-person shooters (FPS):** e.g. Call of Duty, Counter Strike, Overwatch
- **Multiplayer online battle arenas (MOBA):** e.g. League of Legends, Dota 2

Top titles:

- **Super Smash Bros.** is the top community-driven esport in BC
- **League of Legends** is the second most popular community-driven esport in BC

Top players in popular online competitive titles like Fortnite, Dota 2 and Counter-Strike: Global Offensive may have international networks and communities within their own or adjacent zones.

When considering how to recruit for league teams, management companies should consider how to reach the engaged and talented players of esports titles who lack active local community networks and/or the support of grassroots communities. Likewise, industry leaders should consider how these players may be made aware of other career opportunities within the BC esports ecosystem. Otherwise, BC risks losing its homegrown talent to other esports cities with more proactive recruiters.

Infrastructure

The Canadian Radio-Television and Broadcast Commission (CRTC) considers download speeds of 50 Mbps and upload speeds of 10 Mbps (50/10 Mbps) the new recommended baseline for household internet speeds. According to CRTC, 92 percent of BC households and businesses have access to 50/10 Mbps internet speeds, which means the province in theory exceeds its quota for CRTC's goal of 90 percent across Canada by 2021. However, most of these connected households are clustered around cities and urban centres: only 36 percent of rural BC communities and 38 percent of rural Indigenous communities have access to CRTC-approved levels of broadband internet speeds.

92%
BC households with 50/10 Mbps internet speeds

68%
rural communities without 50/10 Mbps

62%
rural Indigenous communities without 50/10 Mbps

While planned improvements to broadband infrastructure across the province are a positive step for these communities towards greater participation in the digital economy, these speeds at best deliver the bare minimum performance required for esports, and pose another barrier to participation for many remote and rural communities.

Immigration

Currently, there is no dedicated immigration process in place for international esports athletes recruited from outside Canada. Like other professional athletes in the traditional sporting world, visiting esports teams currently use the employer-specific work permit for temporary workers. However, the newness of the esports industry and esports' ambiguous status as a professional sport has combined with bureaucratic confusion to result in drawn-out and occasionally unsuccessful applications.

Community Events

$5–$14
most common cost to attend an esports event

10–60
typical size of community events

88%
of esports community members participate regularly in esports events

12%
esports community members don't participate in events at all

71%
of communities have mix of online/ in-person events

Small grassroots events in esports could be compared in scale to neighbourhood pickup games. For many small, remote or rural communities, these events provide a gateway into playing and competing in esports, and there are many across BC. Despite their small scale, they are significant because they can nurture key esports talent, including:

- Esports community leaders and organizers
- Competitive esports players
- Engaged community members and esports consumers
- Esports startups and entrepreneurs

Grassroots communities are quite intimate. Together, they constitute the foundational nodes of a network that has not yet been successfully connected. Growing and connecting each of these nodes could form the basis of a systemic network through which larger brands and industry leaders can tap into, support and access a player base; associations can collaborate on and test standardized codes of conduct or tournament rules; and participating municipalities can develop regional esports leagues.

The occasional larger events range in size from 100 to 299 attendees. These events scale in cost, with registration fees rising as high as $50 for the rare 300+ person event.

In addition to regularly participating in events, the large majority of survey respondents reported participating in some kind of online community or forum to connect with other gamers.

- 90 percent of survey respondents participate in online gaming communities
- 48 percent of survey respondents are deeply engaged in their esports community, acting as tournament organizers, broadcasters or regular participants

Education

There are not many instructors at the secondary school level who understand esports ecosystems enough to educate children and young adults intelligently about related opportunities, or engage parents to champion their children's pursuit of an interest or career in esports. Additional barriers include inconsistent hardware, software and broadband access across the public school system. Additional study needs to be done as to whether this also applies to private or vocational schools.

Generally, post-secondary students eager to pursue esports are left to independently source equipment, software and networks, and self-govern in student-run associations, including lobbying administrations for access to secure spaces and hardware upgrades. This level of autonomy promotes desirable administration and grassroots organizational skills. However, without dedicated support from schools, and high rates of turnover typical in post-secondary clubs, it is difficult to sustain traction from year to year.

Post-secondary institutions in BC rarely support esports initiatives. When implemented, these initiatives are not always sustained from year to year (e.g. esports scholarships, hardware upgrades). There is also limited recognition of existing, student-run esports organizations.

BC only has one accredited post-secondary esports program – run through the Vancouver Animation School, it offers a diploma program specializing in esports league development. Diploma requirements are fulfilled online, which makes the course accessible to prospective students across the province.

Content creation

In addition to esports programming, such as commentary on competitions or devoted esports news channels, esports content overlaps with other video games content. This includes in-depth analyses of tactics and strategies, tips to optimize play with specific characters, and influencers streaming their playthroughs.

Many prominent video game content creators use software development kits (SDKs) and animation tools to create videos and mods (user-generated additions to existing games) for their communities. This deep engagement by community creators cultivates skills desirable in the esports sector and supports industries with large footprints in Vancouver and BC, such as animation, games development, software programming and post-production.

Survey respondents identify the greatest barriers for new BC content creators as access to equipment and marketing, and general awareness. Other creators worry over revenue and income stability, and have concerns about their ability to sustainably grow their business or brand through gameplay or competitive streaming.

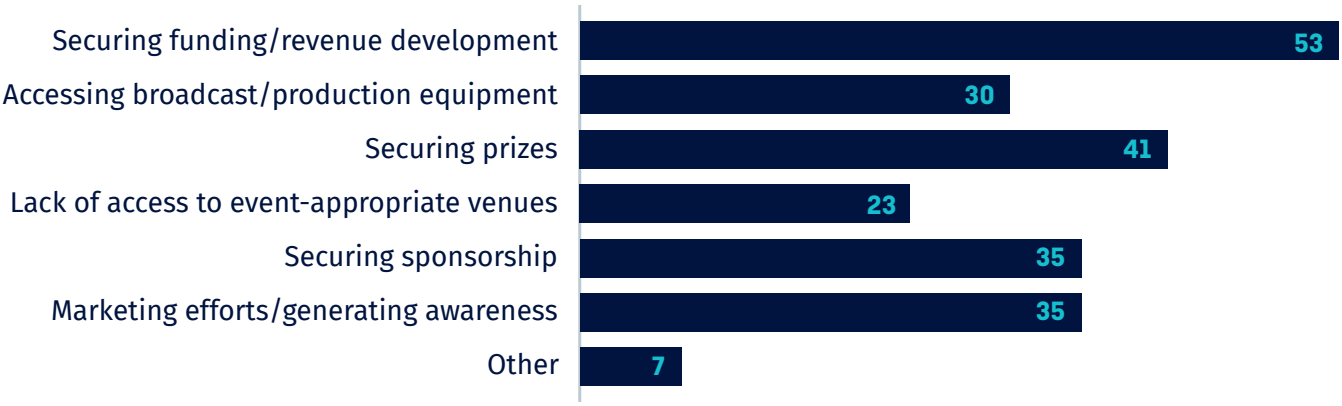
A significant opportunity is to introduce and encourage the development of these skills at the middle- and high-school level – in fact, physical distancing guidelines have increased interest and enthusiasm among respondents for developing these skills. Lowering and removing barriers for new and aspiring content creators can have long-term positive benefits for the broader ecosystem.

Grassroots leadership

Grassroots leadership is important, although grassroots communities may not always reflect the true degree of gaming. Of surveyed esports community respondents, 21 percent indicated they are tournament organizers, or one of the core community leaders in their regions.

The top challenges reported by grassroots community leaders relate to funding and revenue development, as well as prizing, sponsorships and marketing. The pursuit of prizes and sponsorships could be why the majority of surveyed esports businesses reported marketing and sponsorship as one of their main activities.

Figure 6.7 – Top challenges reported by esports grassroots community leaders



Challenges

Esports communities face many challenges, mainly the ability to secure funding for initiatives; and, even if they secure funding, they must then build skills to develop sustainable revenue models.

This in turn leads to issues with securing prizing and sponsorships, which represent the bulk of funding needs in esports communities.

Figure 6.8 – Top challenges for creating esports content in BC

BC esports community map

Esports has taken root in four major regions in BC: Southern Mainland, Vancouver Island, Southern Interior (Okanagan Valley) and Northern BC. Each sub-region contains locally grown hubs consisting of venues, key tournament organizers, genres and innovative events.

Figure 6.9 – Map of BC esports communities

Metro Vancouver

Events
- Bash
- Battle of BC
- Dota 2 : The International 2018
- 2017 NA League Championship Series
- Linus Tech Expo
- Long Legs
- Pinnacle
- The Gaming Experience

Organizations
- ADAMAS
- HomeKey
- Linus Media Group
- Mountain Side Games
- The Gaming Stadium
- UBC Esports
- SFU Esports
- Vancouver Street Battle

Victoria

Events
- Save On Memorial Arena Cup

Organizations
- Esports Victoria
- VanIsle Smash

Okanagan

Events
- KFX Series

Organizations
- Heavy Hitters
- Okanagan Smash League
- Lake Country Theatre

Prince George

Events
- FanCon FGC Events
- National Esports Scholastic League

Organizations
- GameQuest
- Volcanic Media Group

Other: Central/North

Events
- The Puddle
- Rush 2018
- Rupert Rumble Series

Organizations
- Adventure Games Inc.
- Binche Keyoh

BC esports leaders

Legend

Businesses
Teams
Personalities

TELUS

Active since 2015

A national Canadian telecommunications infrastructure and services provider, TELUS has supported BC's local esports community since 2015. As of 2020, TELUS has helped shape esports initiatives in the Lower Mainland, Victoria, the Okanagan and Northern BC. The company has also developed innovative esports programs, including the National Esports Scholastic League – Canada's first nation-wide scholastic league for high school students – that offer scholarships, skills development and more.

The Gaming Stadium

Active since 2018

Located and operated in Richmond, The Gaming Stadium is the first purpose-built esports arena in Canada. The arena services the entirety of the Lower Mainland with a focus on community building, healthy competition and accessibility for all gamers. The Gaming Stadium became a publicly traded company in the summer of 2020, and is listed as TGS on the Toronto Stock Exchange.

Vancouver Street Battle*

Est. 2011

Vancouver Street Battle (VSB) is a mobile gaming lounge, tournament organizer and events platform that services the fighting games genre and its community. In 2019, The Gaming Stadium invested in VSB, and today VSB serves as its fighting game community engine.

Battlefy

Est. 2012

Battlefy is a leader in esports event management and community building. Since launching in 2012, it has established a reputation as the go-to event platform for Nintendo, EA and countless other large publishers, as well as a central resource for grassroots communities and esports fans to start, manage, find and compete in esports tournaments.

WTFast

Active since 2009

WTFast is a world leader in gaming VPN (virtual private networks), with proprietary software combining machine learning and custom network configurations to optimize game connection data. WTFast works to provide gamers with a better online gaming experience for competitive and casual play by reducing lag.

Monstercat

Est. 2011

Part independent record label, part media company and part tech startup, Monstercat is an electronic music label that has become a key contributor to the success and stories of esports content creators, as well as tournament and event organizers. Monstercat also offers a claim-free music library subscription to content creators who monetize their content; its content creator licenses allow anyone to use their music on streaming sites free of copyright infringement claims.

*Operations affected by COVID-19

Vancouver Titans

Est. 2018

Vancouver Titans

Founded in 2018, the Vancouver Titans is the first internationally recognized esports team from BC, and one of only two active Canadian Overwatch league teams (the Overwatch League franchise is owned and operated by Canucks Sports & Entertainment). In 2019, the Titans placed second in their inaugural season. Originally composed of internationally recruited athletes, as of summer 2020 the roster consists primarily of BC-based talent.

The Coalition Studio

Est. 2010

The Coalition is the 200-person games development studio behind Gears of War, an iconic and influential third-person shooter (TPS) franchise with professional leagues throughout North America, Latin America and the European Union. Part of Microsoft's collective of studio subsidiaries, the coalition is actively involved in esports and accessible gaming initiatives.

KittyPlays

Active since 2015

Kristen "KittyPlays" Valnicek is one of the most-followed and influential esports and gaming content creators in North America. An entrepreneur and community-builder, she recently co-founded Radiance Media, a company dedicated to helping brands foray into the digital and video games industries by assisting in building meaningful relationships.

Roolf

Active since 2015

Randall "Roolf" Stark, originally from Fort St. James, has been active in competitive esports since 2015, playing at the professional level for League of Legends and Overwatch. He has been scouted for Cloud 9 and the LA Gladiators, and is currently on the active roster for the Vancouver Titans in the Overwatch League.

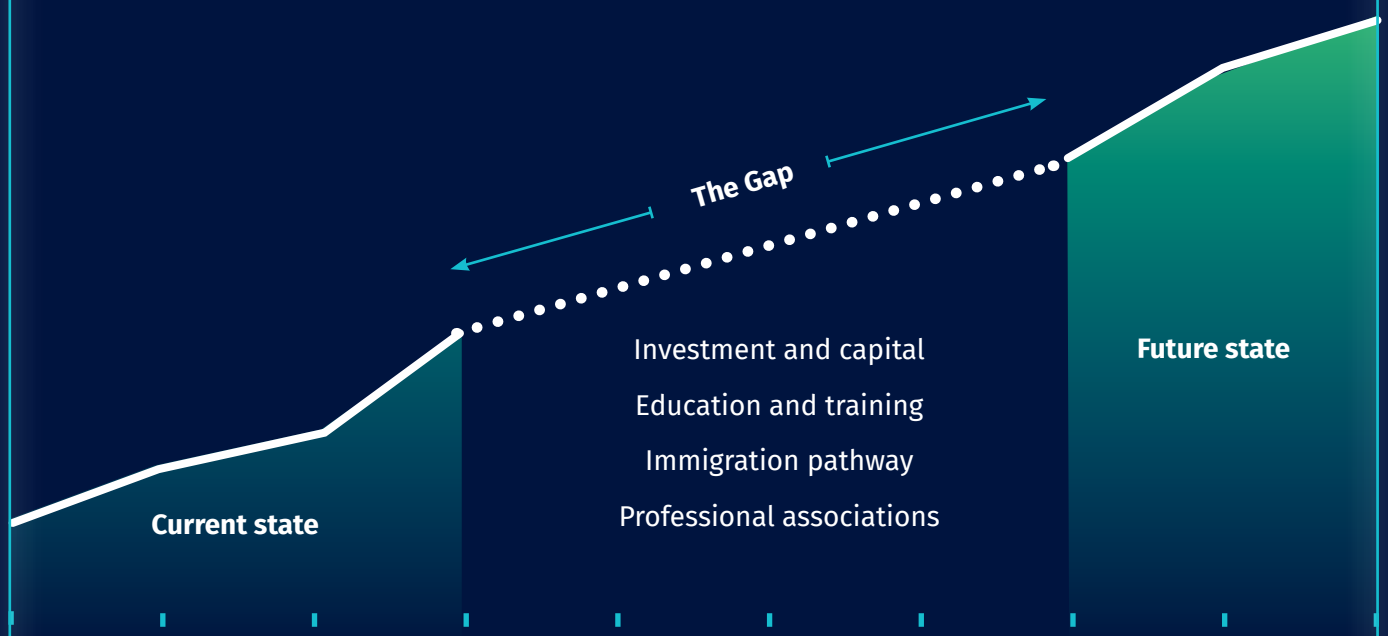
Kantrip

Active since 2015

Trevor "Kantrip" Lukan is a grassroots community leader, content creator and influencer in BC esports with a sizable global following. He has commentated for events and organized tournaments, and is currently part of a volunteer team dedicated to building inclusion and equity in the BC Supoer Smash Bros. community. In addition to his grassroots community commitments, he works for Panda Global, an international esports brand.

GAP ANALYSIS

This section provides additional insights for foundation and context, and supports strategy recommendations by bridging insights from the "BC's esports ecosystem today" section of this report.



Investment and capital

While most industries have issues with capital access and attraction, in BC's esports ecosystem these investment gaps are a result of poor awareness of BC esports opportunities, and end up compounding the issue over time, leading to other gaps. These include patchy entrepreneur and investor networks and fewer revenue-generating activities, which can heighten the risk of failure for sports ventures.

A. Localized marketplace for investors and ventures

Standing

- Of the approximately 30 esports-only companies in BC, fewer than 10 have received notable esports investments over the last five years. More startups report raising and receiving funding dollars (such as venture capital or sponsorships) from the US than from BC
- Local investors are investing in esports startups in the US; they are unaware of BC esports opportunities

Gaps

- BC investors are seldom aware of esports opportunities, and founders are not always aware of local investor networks
- Fewer local deals and partnerships in BC result in fewer opportunities for investors to learn about the new esports sector, less-connected local esports entrepreneurs, and increased control by US investors. Overall, this means missed opportunities for revenue generation for esports in BC

Tactics

- Work with and engage local investor groups, such as VANTEC, to advance esports opportunities
- Work with incubators, accelerators and relevant trade associations to develop founder education and investment readiness programs
- Explore development of a localized marketplace for BC esports investors and entrepreneurs

B. Specialized/focused esports incubators, accelerators and networks to grow and scale esports ventures

Standing

- There is a lack of incubators or accelerators suitable for esports startups in BC
- Only one accelerator (Innovation Central) in BC has had experience with helping an esports business grow. There is one dedicated incubator (HomeKey) being built for esports, based in Metro Vancouver

Gap

- Higher rates of failure, critical flaws in esports startups exposed during growth stages and a lack of support compromise the ability of organizations to grow through TRL (tech readiness levels)

Tactics

- Engage existing incubators and accelerators with a tech focus to explore the possibility of including esports-dedicated streams
- Work with the provincial and federal governments to develop esports-exclusive incubation and acceleration programs for esports startups

C. Diversify esports ecosystem

Standing

- Global esports hubs feature more diversity in their esports businesses than found in BC. For instance, while BC has a strong tech talent base that includes a high concentration of software and games development professionals, BC does not have the sports broadcast studios, specialized hardware companies, strong collegiate esports facilities, and major annual esports events that other hubs do.

Gap

- In BC, there are limited streams of growth and revenue generation when it comes to esports

Tactics

- Esports industry leaders should engage with existing businesses in support sectors, such as media companies, event venues and hardware dealers and manufacturers, to explore the possibility of including esports as an additional stream for revenue generation

D. Attract high-profile international events

Standing

- Vancouver and BC do not have a history of hosting consistent international esports events, despite having the venue capacity to do so, particularly in urban centres

Gap

- BC is losing out on significant potential revenues from events, sponsorships and other revenue-generation opportunities that come as a result of hosting high-profile international events, as well as significant economic impacts from esports-related travel and tourism

Tactic

- Work with provincial and local tourism entities and sport hosting commissions (e.g. Tourism Vancouver, Destination BC, Sport Hosting Vancouver) to develop and implement a proactive international events attraction strategy for esports

The SSE Arena, Wembley, London, United Kingdom, Sean Do, Unsplash

Education and training

Educational opportunities and the development of work-ready graduates are critical to the success of new and emerging industries. This non-exhaustive list of pillars and suggested tactics will require more study, so we may understand and learn from the challenges of past attempts to introduce esports pathways in schools.

Secondary schools

A. Software and hardware readiness; suitable broadband internet speeds

Standing

- BC schools are generally poorly equipped with software, hardware or broadband necessary for high-tech activities, including esports. There are no reliable means for students to familiarize themselves with esports opportunities.
- Those students who do participate through the school system (generally student-organized clubs at the highschool level) are expected to procure funding and equipment privately, which presents additional barriers to participation

Gap

- There is a lack of opportunities for school-aged children to explore esports-related careers, such as esports entrepreneurship, video content creation, professional play, or other esports-related professions

Tactics

- Work with partners such as Lenovo to address hardware demands of schools that have committed to build or explore esports programs
- Work with additional ministries and school boards to identify the economic potential of facilitating early participation in the digital economy at the school-age level
- Further study will support a better understanding of what is required to ready a school's infrastructure for esports programming

B. Capacity-building for educators

Standing

- Educators who understand the esports ecosystem and its opportunities face two key challenges:

  (1) they lack political buy-in (at the school districts or school boards level), which is necessary to allow them to educate students with and around esports; and

  (2) they lack the financial support necessary to hire additional educators and invest in infrastructure

Gap

- Without educators to train and develop esports talent at the school-age level, there is a significant missed opportunity to develop homegrown esports talent early on, or to guide students who might consider building skills and pursuing careers in support industries such as games development, software development, events organization and content creation

Tactic

- Work with partners like Microsoft, which has comprehensive online learning modules for educators, to develop additional modules that facilitate incorporation of esports course materials in the classroom

C. Streamlined pathways for introducing the accreditation of esports courses and extracurriculars

Standing

- Currently, there are no reliable pathways in the public school system for interested students to study or engage in esports. There are no provincial pathways that exist for schools to adopt esports as part of their curriculum.
- The newness of the esports ecosystem also results in challenges for schools attempting to develop esports programs. Even these institutions are required to invest a prohibitive amount of resources.
- Ultimately, streamlining esports pathways in schools is a heavily governed, slow process with no success to date

Gaps

- The North Shore school district (SD44) is the only district attempting to develop a district-wide accredited course for esports
- The difficulty experienced by schools that have tried and failed to implement or adopt esports acts as a deterrent for other districts attempting the same

Tactics

- Work alongside schools developing esports curricula and try to accelerate or improve their process of recognizing esports as a subject or extracurricular-for-credit
- Involve the BC Ministry of Education in developing esports information, and align this information with learning outcomes

Post-secondary institutions

A. Software and hardware readiness; suitable broadband internet speeds; suitable meeting spaces

Standing

- The hardware and software readiness of post-secondary institutions in BC vary wildly. For example, some institutions have games lounges suitable for esports; however, these lounges require regular and cost-prohibitive hardware and software upgrades to stay competitive.
- Most post-secondary esports athletes who compete in esports procure their funding and equipment privately, which presents additional barriers to participation

Gap

- There is a lack of opportunity to apply skills acquired from post-secondary education (e.g. business management, governance, research, event hosting, communication, marketing, animation and software development) towards esports, resulting in less work-ready talent graduating from schools.

Tactic

- Work with partners such as Microsoft and Lenovo to address school hardware demands and scheduled upgrades

B. Capacity-building for school administration staff and student associations

Standing

- Many professional esports athletes at the post-secondary level are managed by student-run esports associations. The critical challenge of student-run organizations is the instability of club management: there are usually annual or biannual turnovers in leadership as students graduate or focus on academic pursuits.

Gap

- Rocky leadership transitions for student-run esports associations could exacerbate a lack of opportunities for promising esports athletes to compete at the varsity level. This, in turn, limits the number of professional-quality esports players and BC's pool of talent.

Tactics

- Hire or train school administrators with the capacity and means to help sustain student-run esports activities; this will help ease turnover transitions and increase the likelihood of creating competitive esports teams at the varsity level.
- Work with third-party esports businesses, and partners such as The Gaming Stadium, to anchor varsity student associations

C. Diverse accredited programs for esports

Standing

- There is only one accredited esports diploma program in BC. Offered through the Vancouver Animation School, it focuses on esports league development.

Gap

- There are minimal esports educational opportunities for support industries, such as esports-specific broadcasting, business development, software development, hardware, fundraising etc.

Tactic

- Explore the development of smaller-scale interdisciplinary diplomas in post-secondary institutions with esports programming by connecting their esports stakeholders to departments teaching skills applicable to support industries, such as animation, business development etc.


The Gaming Stadium

Professional associations

Having a well-connected, well-resourced professional or industry association for esports in BC can help with advocacy, regulation, promotion, and organization of the sector, and assist with building cohesion and communication across the province.

A. Professional esports governing body

Standing

- There are currently no professional or accreditation associations for esports in Canada
- There is no standardized code of ethics or conduct for the industry
- In BC, there have been several short-lived attempts to form regional-based conduct panels among grassroots communities; however, none have been successful

B. Professional esports industry association

Standing

- There are several grassroots and collegiate organizations promoting and supporting esports at the community level in their respective regions, including UBCEA and Esports BC. There are also ongoing efforts to develop a national esports federation. However, BC currently lacks a united industry association.
- In addition to helping serve as a united front and face of BC esports, an industry association for the sector would help promote and coordinate the benefits, strengths and values of BC's esports ecosystem

Shared gaps and tactics

Gaps

- The newness of the sector has created a free-for-all market with a lack of accountability from a governing body that could pursue due diligence and hold perpetrators accountable where necessary
- Without an esports association, BC's esports industry lacks the regional collaboration and strategic cohesion, resources and routine communication necessary to advance the sector as a whole

Tactics

- Engage key esports businesses, organizations and services to understand and build a BC-based industry association that can:
  1. Promote esports activity within BC
  2. Advocate on behalf of its members at the provincial and federal level
  3. Create resources and mentorship for upcoming and new esports organizations/businesses
  4. Engage with key esports funders to undertake a deeper study into an effective and adoptable code of conduct for esports professionals (i.e. team players, tournament organizers etc.)

Immigration pathways

Smooth immigration and visa application experiences for esports athletes and other professionals are an enormous asset – even a prerequisite – for building confidence in BC and Canada as an international esports hub.

Refer to the **Immigration** *section in the* **Esports Ecosystem Components** *chapter for examples of success in other countries.*

A. Streamlined immigration processes for international esports athletes

Standing

- Currently, there is no dedicated immigration process in place for international esports athletes recruited from outside of Canada. Esports teams currently use the employer-specific work permit for temporary workers. However, the newness of esports and its ambiguity as a professional sport, combined with bureaucratic confusion, has led to drawn-out and occasionally unsuccessful applications.

B. Streamlined work visa processes for visiting esports athletes

Standing

- There are no dedicated work visas for international esports athletes visiting Canada to compete in events. Working athletes may apply for open work permits. However, the newness of esports and its ambiguity as a professional sport, combined with bureaucratic confusion, has led to the occasional and high-profile unsuccessful border entry by professional teams attempting to participate in international events.

Shared gaps and tactics

Gaps

- There is limited ability for international professional esports athletes to consider Canada as a reliable home base in which to grow their esports careers.
- International esports teams and players are unable to readily travel to Canada.
- There is also limited ability for Canadian teams to participate in international exchanges or recruitment of professional esports athletes.
- Collectively, these gaps increase barriers to building new, top-performing teams.

Tactics

- Engage federal immigration authorities to eliminate ambiguity around the status of esports athletes.
- Engage with federal immigration bodies to explore options to offer temporary work permits for esports athletes.
- Incorporate esports athletes into existing definitions of working professional athletes.
- Partner with and consult local teams, such as the Vancouver Titans, who have recent and first-hand knowledge of immigration and work permit difficulties.
- Create a fast-tracked process to prepare for border restrictions easing in 2021 or later, when COVID-19 public health measures lift.

STRATEGY RECOMMENDATIONS

Activate

Incentivize

Fund

Policy

Build

Innovate

Support

Engage

Objectives and actions towards achieving success

This section lays out recommendations for a strategy or action plan, taking into account international best practices, the context of BC's esports ecosystem today, and the most pressing and impactful ideas generated from the gap analysis.

There are two stages to the strategy recommendations:

1) a **local stage** scaleable to Western Canada, and
2) an **international stage**.

The first stage of actions focuses on improving and developing the key factors necessary to unlock cohesion, growth and collective planning in the ecosystem. The second stage will focus on elevating Vancouver's international reputation and establishing it as a global esports hub.

Each of the numbered strategy recommendations contain additional actions and objectives generated from the roundtables, gap analysis and international research.

Further resources, collaboration and leadership – along with a significant amount of collaboration between all named key actors and many more besides – are required to plan and implement each of the actions and objectives outlined in this section.

Local Stage

01

Improve cohesion of local esports ecosystem

Vancouver and BC's esports industry and support sectors – which include publishers, developers, gamers and event organizers from the tech, video games, animation and tourism industries – have historically operated and succeeded independently of one another. Improving cohesion among these sectors will generate more opportunity, dialogue and innovation, and set up the esports industry for success on the global stage. The key is to bridge and establish alignment between the esports industry and its support sectors, through tactics such as collectively galvanizing them around potential new revenue sources and job creation.

Tactics include:

Engage: Establish regular channels of communication within and between representatives from regional esports hubs (i.e. Southwest Mainland/Metro Vancouver, Vancouver Island/Victoria, Interior BC/Kelowna, Northern BC/Prince George) to share knowledge, align stakeholder expectations and objectives, and build cohesion across BC.

Policy: Set baseline expectations, standards and objectives for existing esports communities throughout BC – including common pathways for academia and education, community growth, and talent and company development – and develop new guidelines for emerging communities. Proactively anticipating and managing the way the ecosystem grows will help improve ecosystem cohesion, alignment and confidence.

Engage: Identify the local investors and investor groups that have already added US esports companies to their investment portfolios, and engage them around local opportunities with esports startups; explore how to best develop a localized marketplace for both investors and ventures.

Engage: Engage existing incubators and accelerators with a tech focus to explore the possibility of developing specialized or focused streams; the objective is to create or expand specialized incubator and accelerator programs to grow and scale esports ventures.

Activate: Work with esports groups and networks to capitalize on BC's established industry and business strengths (such as events hosting, software development and games development) to introduce esports as an alternate mode of revenue stream generation for support industries. This will help diversify existing streams of growth and revenue generation in the ecosystem.

02

Establish an esports association

Esports associations play a pivotal role in locating, understanding and uniting various ecosystem players, and may be set up to assist in the organization and facilitation of esports events. Global experts agree that the most successful organizations must be adequately resourced, recognized by public authorities and members of international esports associations (e.g. International Esports Federation, World Esports Consortium, Global Esports Federation), and also unite as many key esports ecosystem members as possible, including private companies, players and relevant regional, provincial and federal government representatives.

Tactics include:

Activate: Establish a BC-wide esports association composed of diverse industry stakeholders to help bridge the gap between government and the esports community, and facilitate alignment of their objectives. This would not only enable the government to move towards formalization of esports, but would also give more credibility to a city attracting other players and investors.

Engage: Engage with key esports funders to undertake a deeper study into an effective and adoptable code of conduct for esports professionals, including team players and tournament organizers. Depending on the outcome, stakeholders may consider incorporating a professional accreditation service into any esports industry association created, with the intention of improving accountability of conduct and professionalism in the industry.

Activate: Create resources and mentorship opportunities for upcoming and new esports organizations and businesses to improve chances for startup success and promote their ability to grow sustainably. This could include building on the esports networks and relationships developed during the consultation and engagement process of this report.

Engage: Work with third-party esports businesses and industry partners, such as The Gaming Stadium, to build anchoring relationships with student-run esports associations. In addition to providing aspiring professional esports athletes with industry guidance, it could help promote career pathways and opportunities for varsity esports.

03

Introduce policies to formalize esports as a form of traditional sports

Spurred by shifting perceptions and recognition of esports, more countries have begun to introduce policies and regulations that help formalize the industry. For example, esports was recognized as a form of traditional sport in South Korea and China more than 15 years ago due to widespread societal acceptance of video games. This sort of systemized formalization has the notable benefit of generating credibility among investors, governments and the international esports community, and should be achieved in Canada.

Tactics include:

Policy: Work with government organizations to explicitly recognize ranked esports players as professional athletes and explore subsequent legislative and policy actions, such as the regulation of professional esports player contracts, revisions or inclusions under work permits and visas, and immigration processes.

Policy: Work alongside the Ministry of Education – at all orders of government including regional and municipal school boards and districts – to deploy gaming and esports within school curricula, potentially by leveraging esports against learning outcomes (e.g. soft and technical skills in digital space, building team cohesion for competitive sports) and supporting online learning initiatives.

Fund: Establish dedicated funding streams for highschool and post-secondary esports through clubs and leagues. The aim is to provide educators with more resources to involve and engage students, and to enable scholastic organizers to organize more events and competitions.

Policy: Work alongside the schools developing esports curricula to engage the BC Ministry of Education and school districts to develop and streamline requirements that make esports an accredited course.

04

Introduce policies to improve esports infrastructure and cluster development

While top-performing esports jurisdictions in China offer infrastructure incentives to facilitate cluster development and support the growth of promising esports companies and academies, this is not always possible in other jurisdictions, which rely on a combination of public–private partnerships, venture capital or other private-sector funds. Although the Lower Mainland has numerous multipurpose venues suitable for hosting massive esports events, as well as purpose-built mid-size options such as The Gaming Stadium, venue options beyond the Metro Vancouver region are sparse and should be expanded.

Tactics include:

Incentivize: Work with public entities and private-sector sponsors to establish funds and set construction standards for building new esports venues, and/or subsidize the retrofits of existing/available venues that may in turn be adapted into esports arenas.

Policy: Identify the infrastructure needs and operational standards for esports venues and explore the possibility of setting broadband construction requirements for public multi-purpose amenities. Consider this especially for remote or rural areas, such as community centres or libraries, as the same infrastructure improvements necessary for seamless esports events will contribute to easier access to and participation in BC's digital economy for people living in areas underserved by satellite internet or cellular coverage.

Engage: Encourage and support the growth of local esports companies and organizations by facilitating their access to real estate or esports-suitable infrastructure.

Build: Work with public funders, broadband, telecoms and broadband-radio commissions to explore how to best improve digital infrastructure in remote and/or rural communities.

Fund: Partner and work alongside private hardware and software providers to meet the software, hardware and broadband demands of schools that have committed to building or exploring esports programs. Additional study and engagement will be required to identify and consider the needs of schools, which vary from region to region, public to private, and secondary to post-secondary.

Fund: Establish an esports-startup-in-residency program, or subsidized office space for newly established esports companies and startups.

05

Encourage local esports events and esports in education

Vancouver has the proven capacity and ability to host and deliver major sporting events. However, aside from two major esports tournaments organized in 2017 and 2018 (i.e. NA League of Legends Championship Series and Dota 2: The International 2018 tournament) there have been no internationally high-profile esports tournaments held in Vancouver, and none to date in Victoria, Kelowna or Northern BC. This reduces the region's name recognition among esports athletes and communities, and could mean a long-term cost to BC's ability to retain as well as attract esports talent and companies. However, this void also presents an opportunity.

Tactics include:

Innovate: Develop and introduce a working hybrid model for live esports events – where competitors may participate either in person or remotely, sometimes from other regions – to better engage competitors in remote areas and between regional hubs, meet physical distancing guidelines as needed, and introduce better resilience in an industry that need not rely solely on large in-person venues.

Build: Improve and diversify professional pathways into the esports field by exploring the development of smaller-scale interdisciplinary diplomas in post-secondary institutions with esports programming. This may be done by connecting their esports stakeholders to departments or diplomas teaching skills applicable to support industries, such as animation, business development, or event planning.

Engage: Plan prominent esports events with other large-scale or high-profile events, such as annual performing arts or street festivals and international conferences; or, facilitate cross-promotion between related sectors, such as games development events or conferences.

Engage: Facilitate City-to-City discussions between municipalities and community groups, and explore the possibility of establishing a BC intercity esports league that would be scalable to the rest of Western Canada. Providing tournament opportunities will aid in developing, engaging and retaining the interest of local esports talent and companies.

Activate: Work with conference organizers and tourism agencies to explore the integration of esports activations directly into compatible large-scale or existing high-profile events, as ice-breakers or break activities; or, contemporaneously scheduled alongside events that are regularly hosted in Vancouver, such as TED, SIGGRAPH, Coastal Jazz Festival etc.

06

Build investor confidence in esports companies

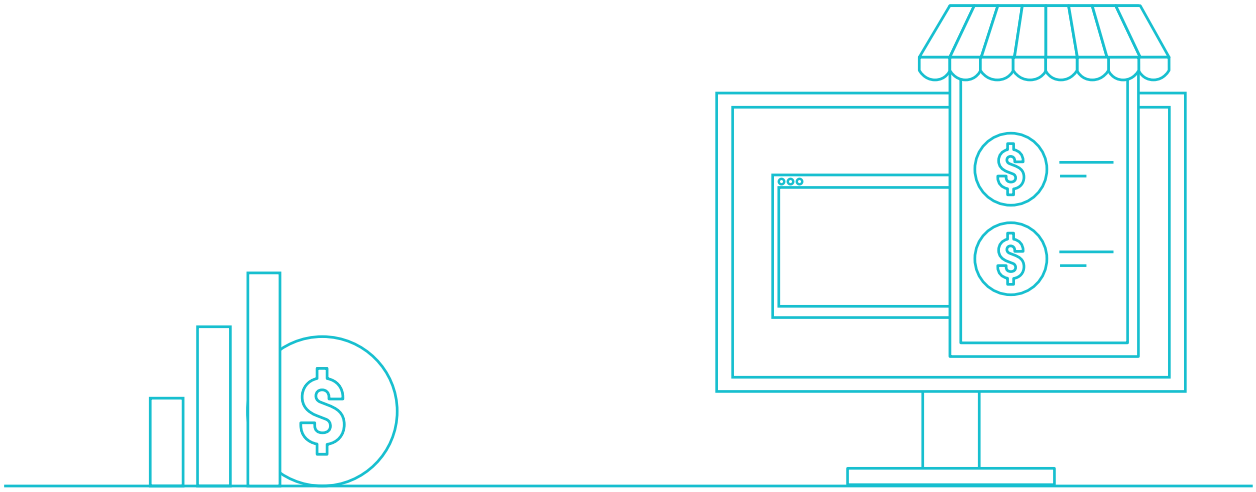
Esports ecosystems depend on the support of public and private investments. As such, building the profile and credibility of BC's esports businesses is critical to meet their funding needs. These actions work alongside and complement some of the tactics outlined in the gap analysis and earlier strategy recommendation sections to build on and optimize existing services for entrepreneurs.

Tactics include:

Fund: Work with public, private and independent sponsors to develop a research and development fund for cutting-edge esports companies. The most impactful kind of fund would be one that permits startups to retain IP ownership and equity.

Activate: Utilize business development and investor networks to amplify esports investment opportunities throughout the province, and explore the development of a localized esports marketplace to connect BC investors with local ventures.

Fund: Work with incubators, accelerators, relevant trade associations, and representatives of provincial and federal governments to develop specialized esports incubators, accelerators and networks to grow and scale esports ventures.



International Stage

01

Attract international esports leaders to open new offices in the region

The City of Vancouver in particular does not provide cash incentives for high-impact investment attraction. However, Vancouver and other municipal jurisdictions may benefit from considering how to highlight the assets of both the Southwest Lower Mainland and other provincial esports hubs to attract international players. International esports leaders such as games publishers, event organizers and sports teams and training academies may be engaged in an effort to attract them to the region and enhance the local ecosystem.

Tactics include:

Engage: Work alongside local, provincial and national entities that facilitate trade and foreign investment, such as other economic development, trade or FDI-attraction agencies, to proactively engage prominent publishers both on the West Coast and in other key esports hubs. Tactics could include the distribution of tailored FDI packages that feature snapshots of the BC esports ecosystem and its talent, and intelligence on real estate with broadband features capable of supporting esports events.

Activate: Engage international esports training academies and providers around exploring how to best fill gaps in local education and training-development opportunities, with the dual objectives of attracting international esports teams and enhancing BC's esports talent base (see **Education** section of the gap analysis).

Support: Develop a funding program for events stakeholders, such as esports team organizations and event organizers, and tourism agencies, that contribute to the organization of esports events and promote cities in esports competitions.

Incentivize: Work with a consortium of academic and training institutions and private-sector funders to develop competitive scholarship and bursary programs that could attract local and international talent.

Fund: Facilitate connections and prospective partnerships between international esports leaders and regionally based private-sector companies operating in the esports space, and across support industries.

02

Host international esports events

Successful, well-attended international esporting events are a keystone of any successful hub. Major events can build industry stakeholders' awareness of a city, placing it on a global map; large-scale tournaments provide significant and diverse streams of revenue generation for esports companies and other industries; and the largest ones provide massive economic spin-off impacts in tourism and accommodation spending on the level of major sporting events. Tourism Vancouver estimated Dota 2: The International generated approximately $7.8 million into the local economy when Vancouver hosted it in 2018. However, there have not been any major sporting events since, and there are unlikely to be any during the global pandemic.

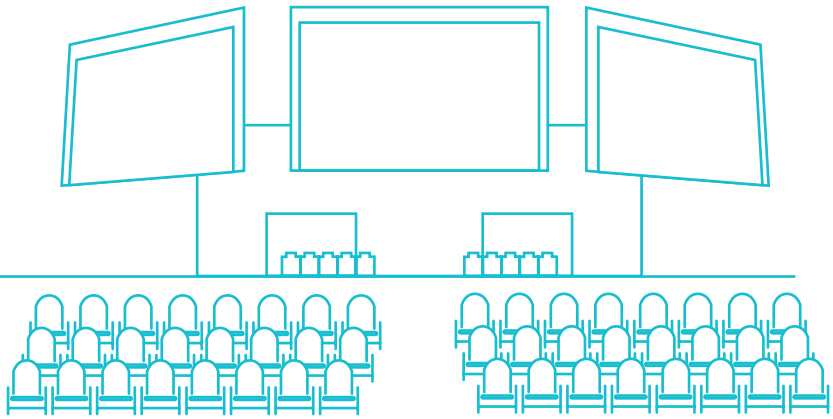
Suggested tactics on how to attract international events once the pandemic runs its course include the following:

Facilitate: Bid for international esports events to promote Vancouver as an esports hub. Government or tourism entities such as Sport Hosting Vancouver may reach out to private companies (e.g. ESL, Dreamhack, FACEIT) that are based in other cities, and work alongside them to plan esports events in Vancouver.

Activate: Conduct outreach to other annual notable events to explore how to best combine and coordinate esports events alongside them. For instance, organize ancillary esports events alongside music festivals, global conferences, or film and games tourism initiatives.

Engage: Work with provincial and local tourism entities and sport hosting commissions (including Tourism Vancouver, Destination BC, and municipal sport hosting offices around the province) to develop and implement a proactive international events attraction strategy for esports.

Innovate: Pioneer new event production methods by utilizing esports' online communities to build hybrid events. Here, both competitors and audiences may gather in person while observing public health measures and restrictions, enabling representatives of regional hubs to compete online.



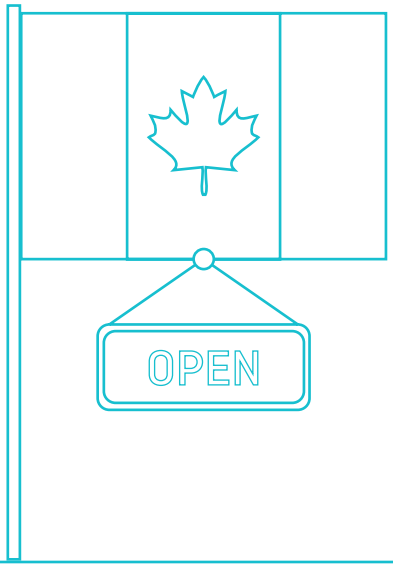
03

Engage and guide cross-border investors

Private capital is a critical component of the global innovation ecosystem. In many high-tech and tech support industries, American and other international private capital account for the greatest segment of private capital and equity. For BC-based esports companies to succeed, it is crucial to attract and engage the attention of international esports investors, including corporate, individual and venture capital investors and traditional sports teams.

There are numerous ways through which to engage interested investors, including the following tactics:

Engage: Maintain engagement with investment-ready BC esports companies, and work alongside economic development entities that specialize in high-impact investment to facilitate conversations with promising investors.



Engage: Seek out and engage international investor groups with established esports portfolios or compatible investment interests, and connect them to a localized marketplace for esports in BC.

Engage: Collate and distribute legal and taxation considerations essential for cross-border investment practices to cross-border investors with an interest in esports. The objective is to facilitate investment into esports ventures by familiarizing investors with Vancouver and BC as an investment destination both generally, and for esports in particular.

04

Refine pathways and processes for esports-related immigration and work

Smooth immigration and visa application experiences for resident and visiting esports athletes are essential for building confidence in BC and Canada as an international esports hub, and for attracting the attention of more teams and other esports stakeholders.

Tactics for improving immigration and visa pathways include:

Policy: Engage federal immigration authorities to eliminate ambiguity around the status of esports athletes, such as by incorporating esports athletes into existing definitions of working professional athletes.

Policy: Create a fast-tracked process to prepare for border restrictions easing in 2021 or later, when COVID-19 public health measures lift.

Engage: Collaborate with federal immigration bodies to explore options to offer temporary work permits for esports athletes.

05

Develop and distribute international-facing marketing materials

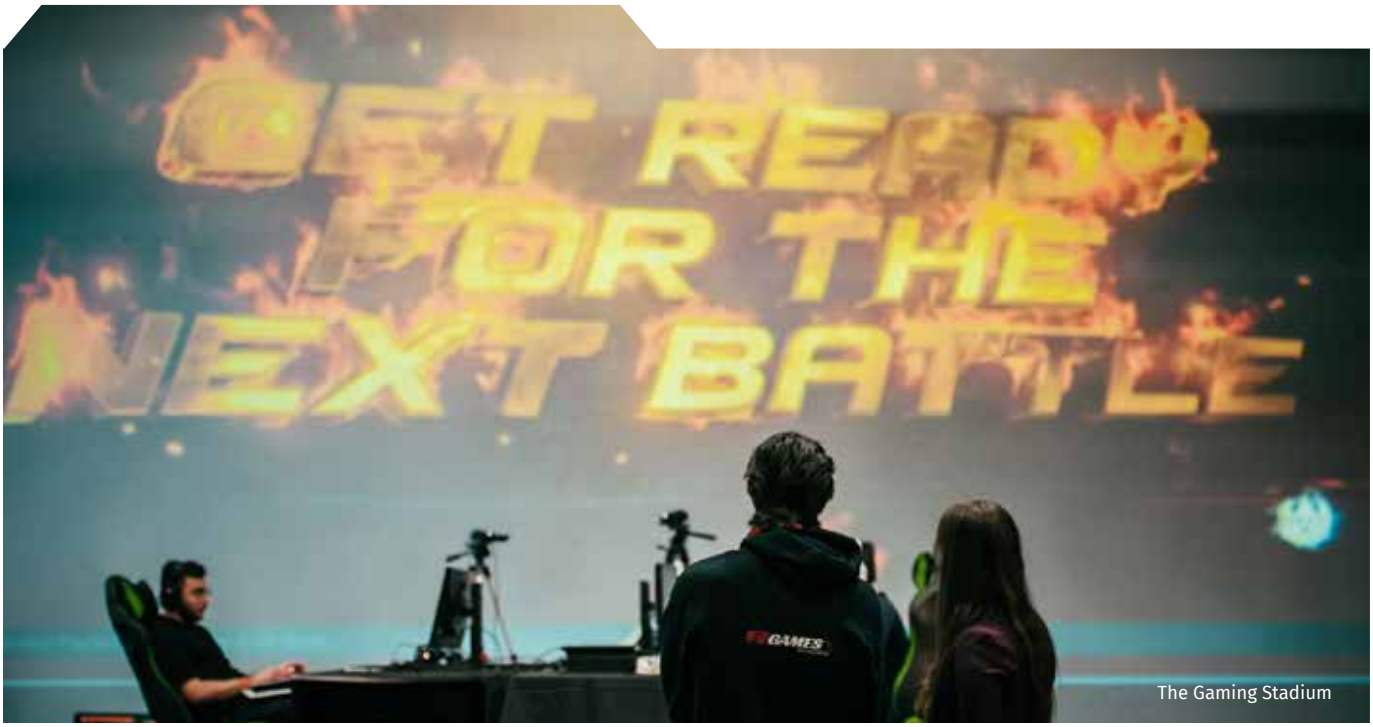
There are numerous trade and business entities at the regional, provincial and federal level hard at work promoting Vancouver, BC and Canada in international markets as a destination to live, work and play. This represents a key and actionable opportunity for the esports industry.

Tactics include:

Support: Collate esports intelligence, key messaging and assets into a document or marketing materials that can be distributed to supporting public entities, such as the Canadian Trade Commissioner Service and Trade and Invest British Columbia, or to esports companies and associations acting as ambassadors on behalf of their respective communities. As with any marketing or market intelligence assets, care should be taken to ensure regularly scheduled updates and audits of the information; this may be led or coordinated by an esports association or other stakeholder-nominated entity.

Figure 9.1 Strategy recommendations summary table

- **Recommendations**
  - **Stage 1: Local**
    - 1.1 Improve cohesion of local esports ecosystem
    - 1.2 Establish an esports association
    - 1.3 Introduce policies to formalize esports as a form of traditional sports
    - 1.4 Introduce policies to improve esports infrastructure and cluster development
    - 1.5 Encourage local esports events and esports in education
    - 1.6 Build investor confidence in esports companies
  - **Stage 2: International**
    - 2.1 Attract international esports leaders to open new offices in the region
    - 2.2 Host international esports events
    - 2.3 Engage and guide cross-border investors
    - 2.4 Refine pathways and processes for esports-related immigration and work
    - 2.5 Develop and distribute international-facing marketing materials



The Gaming Stadium

Conclusions

This document has attempted to establish a foundational understanding, context and set of recommendations for the next level of work that must be done to plan and implement proposed tactics to build a stronger esports ecosystem in British Columbia.

Esports represents new and timely opportunities for BC's post-COVID-19 economy, including providing alternate modes of revenue generation for businesses in support industries, such as event management and tourism, software development, hardware development, games development, and media and content creation. This is possible because esports companies can access and encompass multiple verticals and revenue streams that don't fit into traditional fundraising models.

As it stands today, esports is an emerging sector in BC, and Vancouver is the ideal core hub from which to eventually build Western Canada's esports development. Despite its modest profile on the international stage, the province's esports ecosystem has most of the key components necessary to scale its success as a global esports hub, including the presence of innovative esports companies, offices of top game developers, and notable key personalities and business leaders.

BC urban centres – particularly Metro Vancouver – have the tournament planning experience and physical and digital infrastructure necessary to host major esports events.

However, remote communities are not equipped with this infrastructure, and therefore unable to participate fully in esports; so, additional infrastructure investments are necessary, with the robust side effect of improving BC's overall broadband connectivity and allowing those living in rural areas to reliably access and participate in the digital economy.

BC esports talent is skilled, self-motivated and innovative, with promising athletes, event organizers, influencers and entrepreneurs rising from grassroots communities and independent, small-scale interest groups and clubs. Government decision-makers can encourage this by introducing additional education programs to local universities, colleges and schools, and supporting local companies in establishing academies or venues for local events.

Furthermore, government representatives, school districts and labour unions must agree on policy pathways – infrastructure, financial, hiring, course modules and other prerequisites – to actively help educators and education institutions succeed in the process of embedding esports into the public school system.

Vancouver Titans

BC's esports ecosystem requires:

- Better industry cohesion
- More policy attention
- More strategically aligned partnerships and sponsorships
- More private investment, including better connections to homegrown private investment
- Formal recognition by government entities as an emerging sector
- Establishment of an esports association
- Better public understanding and cultural acceptance, including of public health implications and career opportunities

BC needs to engage the local community to understand its needs, and align the expectations of esports community and government representatives.

To accomplish this while achieving better cohesion among esports businesses and businesses in support industries, BC must establish an esports association uniting government representatives and esports companies in accordance with best practices as observed in successful international esports hub cities.

Industry stakeholders must aim for the introduction of policies that formalize esports (e.g. achieve widespread recognition for esports as a new kind of competitive sporting, eliminate bureaucratic confusion in immigration processing) and generally support development of the esports industry by providing incentives (e.g. subsidies for rent or the construction of venues).

With these solid foundations, BC will see increased success in attracting international esports stakeholders and companies to open new offices in the city, host international events and other creative measures. Vancouver can become a leader in the global esports market. However, to see this through, BC must first achieve greater cohesion and coordination among its various regional esports nodes, with the objective to rally and compete as an esports hub on the global stage.

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Appendices

Appendix A – Acknowledgments: Study Partners & Contributors

The research and publication of this strategy was only possible through the generous contributions of time and insights by a diverse set of esports industry leaders and business and community stakeholders. A list of those who have given their consent to be contacted may be obtained by reaching out to the Vancouver Economic Commission (info@vancouvereconomic.com) and the authors of this report.

VEC also gratefully acknowledges the support and contributions of the project's key partners: Western Economic Diversification Canada, TELUS, Vancouver Hotel Destination Association, Tourism Vancouver and TwogNation.

Appendix B – Glossary of Terms

Battle royale (BR) – Battle royales are video game genres where players compete against each other in large groups, either as teams or in free-for-all settings, where survival is the overarching goal; only one team or player may stand at the end.

Call of Duty (COD) – Published by Activision Blizzard, COD is a modern-day FPS made for multiple platforms.

Class (roles, characters) – For esports, classes are a categorization method for playable characters in a game, based on their role, strengths and weaknesses; class categorization depends on the game being played. Examples include Damage, Defense and Support classes.

CounterStrike – Valve's Tactical FPS, where teams of five compete for control over various objectives.

Dota 2 – Made by Valve, Dota 2 is the sequel to a community-made mod for Warcraft 3 (Dota stands for "Defence of the Ancients"). Teams of five players compete against each other to attack and destroy the enemy base and assets.

Esports – Competitive video gaming, also known as electronic sports.

Esports genre – Esports titles categorized into different genres based on mechanics, gameplay aspects, goals and multiplayer dynamics.

Fighting games (FG) – Esports genre where players face off to bring the other opponent's health down, or increase their damage, usually in arena-styled combat. A winner is declared when a life, stock or health bar is completely diminished. Combos, stage control, positioning and creativity is essential.

First-person shooter (FPS) – First-person shooter games are a genre of video game revolving around the mechanics of gun- and other weapons-based combat from a first-person perspective (i.e. the player character or protagonist).

Fortnite – Epic Games' breakout battle royale TPS game, where groups of up to 50 players compete, gather resources, build structures and survive to win.

Gears of War – Made by the Coalition, Gears of War is a sci-fi third-person shooter game made exclusively for Xbox and PC markets.

HALO – Originally published by Bungie Studios, and now published by 343 Studios and Microsoft, HALO is a science-fiction FPS made exclusively for the Xbox series of consoles and PCs.

League of Legends (LOL) – Made by Riot Games, League of Legends is a MOBA where teams of up to five people face off in various map styles.

Localized marketplace – Refers to customers and products located and localized within the region the product or service is produced or made available, and to the facilitation of local investment and sales.

Major (event) – A large-scale esports event that spans multiple days, with attendance in the thousands. Usually, majors focus on multiple esports genres, titles and competition titles.

Multiplayer online battle arena (MOBA) – Genre of team-based strategy video games where each player controls a single character while competing against another team of players, usually on an arena-style map. Different characters have specific roles, such as damage, defense, support etc.

Overwatch – Activision Blizzard's class-based FPS, Overwatch incorporates aspects of games such as Team Fortress 2, with various mission types.

PUBG – A critically acclaimed FPS battle royale game, where up to 100 players drop into an island, fight for resources and fight to be the last one standing.

Racing – Game genres where gameplay includes simulated racing and driving of a vehicle in various racing environments. Examples include Forza, Formula 1 and Need for Speed game series.

Real-Time Strategy (RTS) – A genre of games where players compete against each other in real time, compared to turn-based strategy games (like chess). Resource management, unit management and strategic engagement are key to victory.

Scholastic esports – Esports competitions, events, learning and other activities that take place in the context of a school or learning environment.
Shoutcasters/casters – Individuals who broadcast esports gameplay and comment on gaming in real time.

Sports – Game genres where gameplay is based on traditional "physical" sports, such as basketball, hockey and football. Notable examples include FIFA, NHL and Madden's game series.

Streamer/Content creator – An individual who creates digital content for esports and gaming.

Street Fighter – Originally from the '80s, Street Fighter is Capcom's flagship traditional fighting game, meaning gameplay occurs within a controlled, arena-like stage, where the objective is to bring the opponent's health bars down to zero with kicks, punches and combination attacks.

Super Smash Bros. – Nintendo's flagship fighting-party game. Super Smash Bros. is similar to traditional FGs where players must strategize fighting combos, positioning and control of a stage.

Support industry – An upstream or downstream sector or industry whose activities play a role in improving innovation, success and resilience of the overall business ecosystem. Esports support industries, for instance, refer to esports-adjacent industries such as the tech, events management, games design and development sectors.

Third-person shooter (TPS) – Third-person shooter games are similar to FPS, except the camera is situated in the third-person perspective, usually behind the player character.

TO – Abbreviation of tournament organizer.
Valorant – Riot's Tactical FPS, where teams of five face off for control over various objectives.

Appendix C – Investment Models

Investment – Franchising
In 2018, Enthusiast Gaming entered a four-way agreement with Aquilini GameCo, J55 Holdings and Luminosity Gaming to fortify an already-strong esports network, reaching up to $14.8 million pro forma, and up to $44.9 million in cash assets.

Prior to 2018, Aquilini holdings had nascent involvement in esports. Upon formalizing this deal, however, Aquilini was able to make a sizable investment within the Overwatch League – in excess of US$50 million – to create the Vancouver Titans, one of Western Canada's only major esports teams, and compete in the 2018/2019 season (the Titans' starting roster consisted almost entirely of top players from South Korea). Aquilini GameCo went on to create a team within the Call of Duty league, the Seattle Surge.

This is an example of how sports teams are able to connect beyond their existing audiences and permeate groups that might not be interested in traditional sports. Sports teams are able to acquire esports brands and organizations, and capable of procuring talent from the esports market to develop new sub-brands. Return on investment is determined by sponsorship values, content creation revenues, and total engagements with both the parent and esports-specific brand.

For more detailed information about this arrangement agreement, contact the **Vancouver Economic Commission**.

Investment – SMB
Pre-COVID, multiple esports businesses in BC began investment processes – and, during lockdown, deals were successfully closed. Trends suggest businesses that receive private investment tend to be players in the software space, or have a revolving door customer base. During roundtable and interview consultations with the industry, VEC made note of investment trends in Metro Vancouver, including:

- Content-based applications in esports (**Sherwa**)
- Education and training in esports (**The HomeKey**)
- Event management and adaptations in esports (**Pepper.gg**)

These primarily took the form of private investments. In some cases, however, they were acquisitions and mergers, which are relatively unexplored within the esports space in BC.

Post-COVID investment themes
According to investor interviews, combined with recap interviews with BC-based businesses, several COVID-related impacts on investment trends suggest a prediction of esports growth after the lockdown. With more digital-based businesses and entrepreneurs rallying despite self-isolation and quarantine, investors and startups are beginning to look towards the following key areas as pillars to guide the esports economy beyond 2020:

- Engagement platforms/services for the general esports community
- Live streaming and content creation services for future esports events and content (such as rental studio space at venues)
- Scholastic esports initiatives, programming and software (post-secondary and collegiate esports)
- Networking and infrastructure enhancements (including VPNs, internet etc.)

For more information, contact the **Vancouver Economic Commission**.

Vancouver Esports Strategy

Thank you for taking the time to read this strategy and report.

Vancouver and BC is poised to unleash its full esports potential.

If you are interested in being a part of or contributing to the next stage of this work, or if you have any questions or comments about the content of this report, VEC invites you to reach out to our team through the details on our web page.

You may find contact details at:
www.vancouvereconomic.com/esports

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