



# NATIONAL STRATEGY FOR ESPORTS

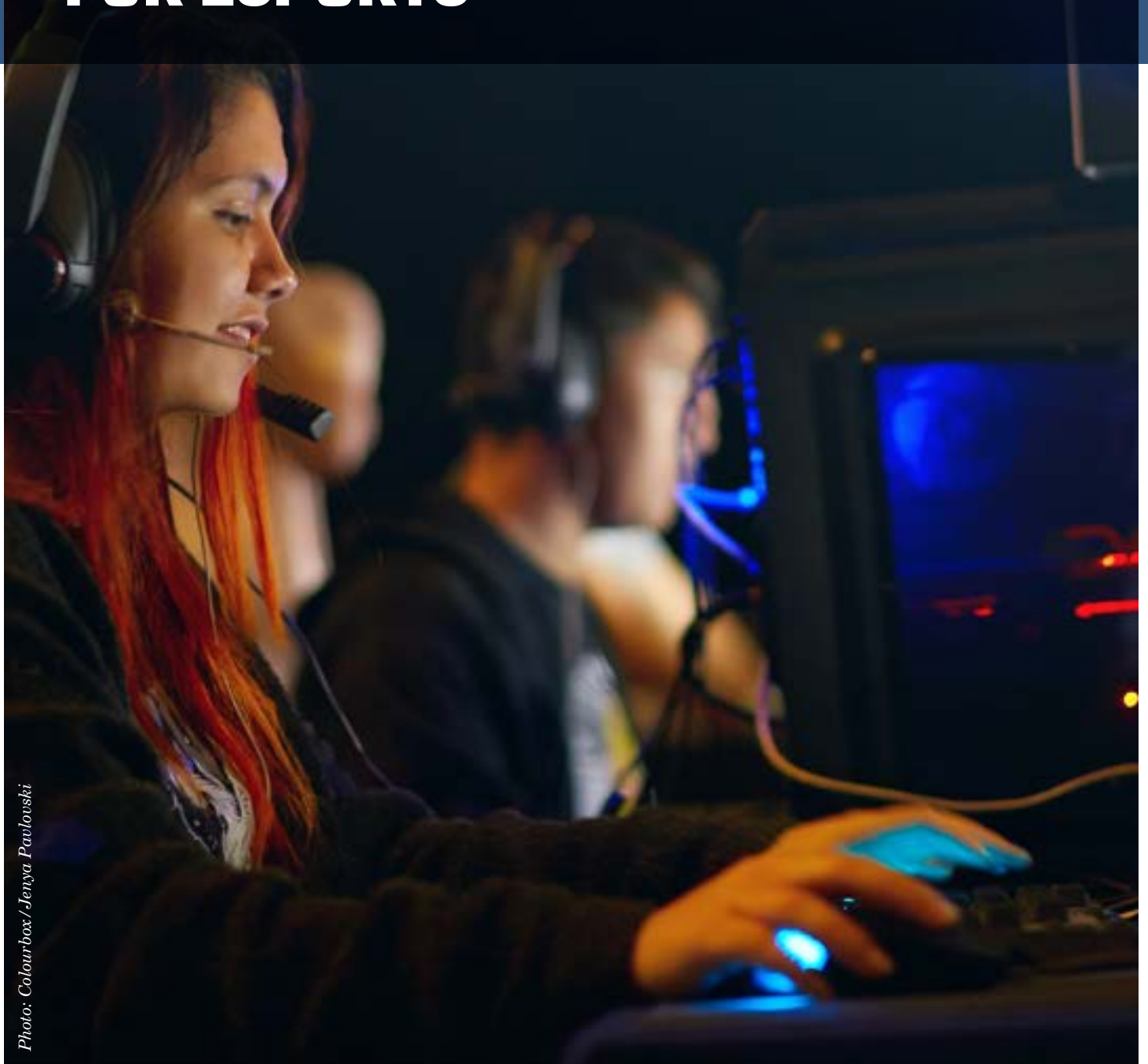


Photo: Colour-box / Jenya Paulowski



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# ESPORTS IN MOVEMENT

Increased digitalization is causing fundamental changes in society. Digital services such as Netflix and Spotify have changed the way we consume culture and entertainment; and, in a few years, esports<sup>1</sup> have developed from a minor side hobby for young gamers in small groups to a global, multifaceted ecosystem of professional clubs, sports organizations, sponsors, businesses, fans, and people of all ages who enjoy gaming.

Gaming and esports are growing rapidly. According to Statistics Denmark,<sup>2</sup> 52 percent of men and 50 percent of women over the age of 16 play digital games on their mobile phones, computers, or gaming consoles, and every fourth Dane plays digital games daily or almost daily. Likewise, research on the media habits of Danes by the Danish Broadcasting Corporation (2017) shows that up to 96 percent of Danish teenage boys play computer games. Gaming and esports have taken such a hold in the population that, in January 2019, Netflix wrote that they consider the game Fortnite as a bigger competitor than other streaming services such as HBO<sup>3</sup>.

Esports are young, and there are no common rules that regulate esports. In their very essence, they are innovative and mutable; and, because they are driven by private initiatives, market forces, and constant technological development, esports are also difficult to support in traditional associational structures.

Esports as an activity and as a serious way of life, however, still struggle to be recognized in large parts of society. As long as esports are not recognized widely in society, it will be difficult to realize the great potential and opportunities in the sport since it will be less attractive for sponsors and investors to step up, just as parents will hesitate to support their children's interest in esports and to let them pursue their passion.

Moreover, esports contain a great growth potential for Denmark. In a few years, esports has developed into a global growth business for which the market has expanded from a turnover of DKK 3.3 billion on a global scale in 2016 to DKK 5.5 billion in 2018. At the same time, many leading analysis companies expect that the esports business on a global scale will grow to DKK 11.3 billion in 2022.

Parallel with the rapid economic and sports developments in which Danish teams and players in particular have achieved great results, large groups of young people have drastically altered their leisure habits and patterns of social interaction.

At the same time, there is a concern – particularly among parents – that some young people involved in computer games drop a healthy diet, exercise, and other communities than those aimed at esports. Therefore, it is important to support the integration of esports into ordinary associations in which a healthy lifestyle and tone have pride of place – without, however, destroying the sport's self-organized nature and opportunities to grow commercially.

Therefore, the government wants to support the spread of esports with this strategy – both as an activity in healthy environments and communities and as a driving force for growth and more workplaces in the economy. Taking a starting point in the government's dialogue with stakeholders in esports, a number of challenges have been identified in various areas. Esports must be integrated more into the voluntary association sector, so the development of talent is strengthened both at the grassroots and the elite level and the integrity of the sport is ensured. In addition, there must be good opportunities for Danish entrepreneurs, investors, and businesses to develop esports and esports events commercially in Denmark.

As a preliminary initiative in the strategy, the government will appoint an esports panel, where various stakeholders in the area can meet and, together, offer proposals for solutions to these challenges. Denmark has often been able to create a good, confident cooperation among many different parties who have been able to create tenable solutions with broad support. That is what is required in this context.

1 Esports is a contraction of the words electronic and sports, which designates the organized pursuit of computer or console games in competitive form with tournaments, spectators, prizes, and a ranking of players. Gaming includes hobby-based electronic/digital games played through consoles, computers, mobile phones, or some other medium.

2 Study of culture habits, 4th quarter 2018. The numbers refer to adults over the age of 16.

3 "We compete with (and lose to) Fortnite more than HBO" (quarterly report cover letter to Netflix investors).



Photo: RFRSH / Adela Szajder

# ESPORTS – FROM NICHE TO MAINSTREAM

## DEVELOPMENT OF ESPORTS

Much has happened since 1972, when the first esports tournament in the video game Spacewar was arranged at Stanford University. The best esports players have moved from life at home, competing in high school auditoriums, to become international stars who compete in the world’s largest arenas, earning tens of millions in prize money.

Technological development and faster Internet connections have made possible the emergence of online streaming platforms, which have created good conditions for the spread of computer and console games. New games come out constantly, trying to get a foothold in the esports market.

Recently, the game Apex Legends, which came out in February 2019, attracted more than 50 million players in only a month and a half.

### TIMELINE FOR ESPORTS DEVELOPMENT

**START**

1972

- First esports tournament held at Stanford University, where students competed in the videogame Spacewar. The winner won a subscription to Rolling Stone magazine

**1990s**

- Technological development makes it possible to pursue esports through the Internet
- The winner of 'Red Annihilation', which is considered the world's first major esports tournament, receives a red Ferrari. 2000 participants turn up to the tournament
- Counter-Strike is developed as a modified version of Valve's Half Life

**2000s**

- Cheaper and better Internet access makes possible the spread of gaming and esports
- The first esports organizations are formed
- Tournaments and prize money grow, as do the number of players

**RECENT YEARS**

- The spread of new games and the growth of esports are supported by the emergence of online streaming platforms such as twitch.tv
- Esports are shown on national TV, breaking viewer records on DR3 and TV2Zulu



Photo: Colour-box



Photo: DGI/ Palle Peter Skov

# ORGANIZATION OF ESPORTS

In esports as in traditional sports, there are international and national esports associations; but, as opposed to traditional sports, esports associations have no right to set the rules for the various gaming titles. By contrast, international game developers, which own the games and thereby the intellectual property rights, have the right to set the rules for their individual games. Thus, esports associations have a far weaker status than traditional sports associations.

In some cases, game developers function as tournament organizers of esports events. They may also choose to grant licenses to other event and tournament organizers, who then arrange esports tournaments. There are no limits on who can organize tournaments in the various esports titles. Therefore, there are many tournaments and events at all levels from amateur tournaments to professional events. With growing popularity and commercialization, there is an expanding stakeholder field in Danish esports. There are businesses that focus on profiting from esports; there are sports organizations that focus on making esports compatible with other voluntary associations in Denmark and anchoring the sport in organizational structures inspired by traditional sports. As a result, stakeholders have different interests and do not necessarily pull in the same direction for a common development of esports. Therefore, among other things, esports have a harder time achieving broad public recognition.

## **GRASSROOTS ESPORTS – COMMUNITY, VOLUNTARY ASSOCIATIONS, AND TALENT**

Most esports players by far are organized through diverse private online ‘communities’. In Denmark, association-based esports are also slowly gaining ground. Growing numbers of existing and new sports associations see an opportunity to supplement their activities with esports in order to maintain and recruit members. Likewise, new esports associations are springing up. Most of these associations offer training in physical locations, but many associations also use the possibility of gathering children and young people around esports in online communities in which a physical encounter occurs to a higher degree through LAN parties,<sup>4</sup> etc.

The share of association members, however, constitutes only a few percent of the overall number of players in Denmark, even though the area is growing. In 2017, which was the first year in which DGI calculated the number of esports players in voluntary associations, there were 68 active associations with over 2,100 members; and, in 2018, DGI counted 138 associations that offered esports with approximately 4,900 members, and the number continues to grow.

Danish grassroots esports are in growth, and the professional players and teams do well internationally. Talented esports players are a precondition for Denmark to preserve its leading international position in esports. But as opposed to traditional sports, there is no formal talent structure with clear paths for developing skills, which is an important part of creating a sustainable food chain of new talent in esports from the grassroots to the elite.

## **PROFESSIONAL ESPORTS**

Denmark has some of the world’s best esports players in a number of the major esports titles such as CS:GO, Dota 2, and FIFA. Denmark has also laid the groundwork for a number of esports events with an international format, including ESL Pro League, EU LCS Spring Playoffs, and BLAST Pro Series. International esports events are able to put Denmark on the global esports map since millions of viewers watch them. Major international sports events also create growth and employment locally by attracting tourists and business interests.

There are many stakeholders who have helped raise the bar for how esports players prepare and improve such as RFRSH and Astralis. In addition to training game-related elements, the players, like other professional sports players, have access to physical trainers, nutritionists, sports psychologists, etc. If an esports player is to perform optimally, it is a precondition for the person in question to be in top form. Astralis’ professional approach to esports is unique, even out in the world. As other professional teams are inspired by Astralis’ example, a professional, holistic approach to esports training has also been implemented at the grassroots level.

<sup>4</sup> LAN party is a gathering of individuals and their computers or consoles in a local area network to compete in multiplayer games.

# INTEGRITY IN ESPORTS

Esports stakeholders work actively to ensure that players achieve their results in a fair way. However, it is important to bolster this effort constantly in order to ensure the future credibility and value of esports. At this point, esports do not have a single, recognized common set of rules against doping, match-fixing, and other forms of cheating as we know it from traditional sports. There are international measures – for example, the Esports Integrity Coalition (ESIC) – to fight against software cheats, doping, match-fixing, etc., in which a number of the major tournament organizers take part. But the structure of esports in which game developers design the games and rules, major tournament organizers pursue their private commercial interests, and there are no disciplinary organs to impose mutually recognized sanctions, etc. makes it difficult to achieve uniform rules in the area.

In addition to cheating, the legitimacy of esports is substantially challenged by toxicity and skin betting. Toxicity is foul language and harassment of other players. It is a problem in society generally, but the problem is huge in esports and especially big for women in esports, who may be humiliated and harassed when they play. Skin betting<sup>5</sup> is an especially large challenge if children and young people under 18 have access to betting, which is illegal.

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<sup>5</sup> Skin betting is betting with skins. A weapon's 'skin' is a special decoration that can be bought or won in the games. But skins may also be used to bet on matches and thereby used as normal currency





# ESPORTS AS A LEVER FOR EMPLOYMENT, GROWTH, AND ENTREPRENEURSHIP

Esports create new opportunities for growth, entrepreneurship, and employment. Growth is driven by sponsors of professional teams and increased sales of ads, merchandise, exclusive content, and tickets for major esports events. Esport is interesting for business since it also provides firms with opportunities to market their products in innovative ways and target groups of well-educated, prosperous young people. Correspondingly, viewer numbers for esports are in constant growth, which makes esports attractive to streaming services and media concerns. The analysis firm Newzoo estimates that, in 2019, the number of esports viewers is roughly 454 billion globally of which half are viewers who watch esports regularly.

Esports, thus, contain potential for new business models that innovative entrepreneurs in Denmark can exploit – for example, as suppliers of specialized esports equipment or developers of global esports events with huge fan bases.

At the same time, esports open up new opportunities to bolster interest in young people to pursue an education in technology and IT and for firms that would like to recruit a qualified labour force with digital skills. Danish firms find it increasingly challenging to recruit IT specialists and employees with strong digital and

technical skills. Moving toward 2030, it is estimated that Denmark will need 19,000 specialists in IT. A number of firms and organizations have already found success in using esports events to inform younger target groups about jobs and career opportunities. Such groups can be difficult to reach through other recruiting channels and job portals.

The government wants a good framework in Denmark for entrepreneurs and businesses to exploit the many opportunities in esports as a source for increased growth, entrepreneurship, and employment. The government, therefore, has launched a strategic effort with a pool of DKK 10 million from 2019 to 2022 to provide some impetus to projects that will strengthen Denmark's position as a leading esports nation and place an increased focus on esports throughout the country. There are already six projects that have been granted subsidies from the pool in 2019.

The Danish Ministry of Industry, Business and Financial Affairs will investigate on a continuing basis how the pool can promote growth conditions for esports and reinforce Denmark's ability to compete in attracting and developing major esports events. The Danish Ministry of Culture will contribute to this work.



# SUMMARY/ CHALLENGES

- Despite growing commercial success and success among ordinary Danes, esports in Denmark are characterized by a fragmented stakeholder field. In Denmark, there are stakeholders who want to profit economically from esports and stakeholders who want to encapsulate esports in organizational structures inspired by traditional sports. This means that stakeholders are not pulling in the same direction for a common development of esports. Therefore, esports are having a harder time achieving broad public recognition.
  - Esport loses its legitimacy and value if one cannot trust that its outcomes are achieved in a fair way. At this point, esports do not have one common recognized set of rules against doping, match-fixing, and other forms of cheating as we know it from traditional sports.
  - Entrepreneurs lack knowledge about how the new trends and opportunities within the esports industry can be exploited to create new, successful businesses. Many of the leading commercial esports stakeholders in Denmark are very passionate but lack fundamental commercial skills to run a firm or cooperate with commercial partners. They are good at creating interest in target groups, but they cannot move businesses that extra step further, including creating new entrepreneurial firms and scaling existing firms. Thus, the potential for esports to create increased growth and employment in Denmark is not being sufficiently exploited.
  - The increasing interest in esports gives rise to more intense competition between countries to attract major esports events. As a consequence of this intensive competition, events are becoming more expensive; and, today, all esports events are running a deficit. The stakeholders behind esports events have a hard time developing and increasing the level of ambition for their activities due to financial challenges.
  - A better integrated talent development structure is needed with clear performance pathways for training if a sustainable food chain of new talented esports players is to be created from the grassroots level to the elite level.
  - Esports attract primarily boys and young men. It is a challenge for the spread of esports if there are elements that keep girls from participating.
- The challenges esports face in Denmark are also challenges internationally. In this context, good Danish solutions may help create a precedent (for example, with respect to ethical guidelines), and Denmark will be able to develop significant know-how, which can be exported to other countries with similar challenges.

# GOVERNMENT INITIATIVES

## APPOINTMENT OF AN ESPORTS PANEL

The Danish Ministry of Culture in collaboration with the Danish Ministry of Industry, Business and Financial Affairs is appointing a panel of esports stakeholders who represent grassroots esports, talent development, and elite/ professional esports as well as stakeholders who work commercially with esports.

The panel's task is to make recommendations for:

- a future sustainable structure for the entire food chain of esports players from the grassroots to talent development to elite players at a professional level, including events. The purpose includes securing greater cooperation among the stakeholders,
- strengthening talent development in Danish esports,
- a joint vision with respect to the integrity of esports, including proposals for efforts to counteract cheating, skin betting, toxicity, etc. The purpose is to set national standards that we can work to spread to an international level,
- how community and exercise, organized in voluntary associations, can become a larger part of players' everyday life,
- how esports can attract more girls,
- how to create good commercial development opportunities for growth, entrepreneurship, and employment in esports in Denmark, and
- other focus areas (laws, rules, etc.) that can support the development of esports.



The strategy has been developed by the Danish Ministry of Culture and the Danish Ministry of Industry, Business and Financial Affairs



Photo: Sørbj eSport