# Esports Governance

# What is Esports Governance?

Governance refers to the systems, policies, and structures used to manage and regulate an organization or industry. In esports, governance includes:

- **Rule-setting**: Determining the rules for competition.

- **Oversight**: Ensuring fair play, ethical conduct, and integrity.

- **Conflict resolution**: Handling disputes among players, teams, or stakeholders.

- **Development**: Supporting sustainable growth and fostering diversity.

# Key Stakeholders in Esports Governance

Governance in esports involves multiple stakeholders, each with their own interests:

- **Game publishers and developers**:
  - Examples: Riot Games (League of Legends), Valve (Dota 2, CS), and Activision Blizzard (Overwatch).
  - They own intellectual property (IP) rights and often have significant control over tournaments and rules.
- **Esports organizations**:
  - Teams like Team Liquid, Cloud9, and T1 are critical players in shaping policies and player rights.
- **Tournament organizers**:
  - Entities such as ESL, DreamHack, and FACEIT manage competitions and often create their own governance frameworks.
- **Players**:
  - Professional gamers, content creators, and streamers whose careers depend on a fair ecosystem.
- **Fans and community**:
  - Their engagement drives revenue and influences the direction of the industry.
- **Regulatory bodies**:
  - Emerging organizations like the Esports Integrity Commission (ESIC) work to enforce standards.

# Challenges

- **Lack of a centralized authority**:  Unlike traditional sports governed by bodies like FIFA (football) or the IOC (Olympics), esports is fragmented across titles and regions.

- **Intellectual property dominance**: Game publishers control most aspects of their games, sometimes leading to monopolistic practices.

- **Global scale and cultural diversity**: Esports spans multiple countries, each with unique legal systems, cultures, and ethical standards.

- **Cheating and integrity issues**: Challenges include cheating (e.g., hacking, scripting), match-fixing, and doping (e.g., Adderall abuse).

- **Player exploitation**: Issues like low salaries, unfair contracts, and lack of job security are prevalent in the industry.

- **Gender and diversity inclusion**: Female players and underrepresented groups often face barriers to entry, harassment, and limited opportunities.

# Current Governance Models

- **Publisher-led governance**:
  - Example: Riot Games oversees the League of Legends Championship Series (LCS).
  - Pros: Centralized decision-making, consistent rules.
  - Cons: Conflict of interest, limited external oversight.

- **Independent regulatory bodies**:
  - Example: ESIC focuses on fair play, doping regulations, and match-fixing.
  - Pros: Objective, multi-title oversight.
  - Cons: Limited authority without widespread adoption.

- **Player unions and advocacy groups**:
  - Example: Counter-Strike Professional Players' Association (CSPPA).
  - Pros: Empowers players, addresses exploitation.
  - Cons: Still emerging and lacks influence compared to publishers.

- **Hybrid models**:
  - Collaboration between publishers, teams, and independent bodies to balance interests.

# Lessons from Traditional Sports

Esports governance can draw insights from traditional sports:

- **Unified governance structures**: FIFA and the NBA demonstrate the benefits of centralized oversight.

- **Player welfare systems**: Players' associations and collective bargaining agreements can improve conditions.

- **Anti-doping measures**: Organizations like WADA provide templates for addressing performance-enhancing drugs.

# Future Directions

- **Establishing a global esports federation**: A unified body to regulate tournaments, enforce rules, and promote inclusivity.

- **Standardizing contracts**: Ensuring players and teams operate under fair and transparent agreements.

- **Enhancing diversity and inclusion**: Programs to encourage participation from marginalized groups.

- **Leveraging technology for integrity**: Blockchain for transparent prize pools, AI for cheat detection.

- **Public-private partnerships**: Governments collaborating with esports stakeholders to develop policies and infrastructure.

# Discussion

- Should esports adopt a centralized governance body similar to FIFA or the IOC?

- How can the industry balance the power between publishers and independent stakeholders?

- What role should governments play in regulating esports?

# Esports Models

# What?

Esports models refer to the frameworks used to structure the competitive and business aspects of esports. These models encompass:

- **Competitive formats**: How tournaments and leagues are structured.

- **Business models**: Revenue generation and sustainability.

- **Organizational models**: How teams, tournaments, and ecosystems are managed.

# Key Models – Competitive Models

**Open Circuit Model**:

Teams or players compete in various tournaments organized by different entities, often with no centralized league.

- **Examples**:
  - **Dota 2**: The Dota Pro Circuit culminates in The International, hosted by Valve.
  - **CS**: Tournaments like ESL, BLAST Premier, and PGL Major.
- **Advantages**:
  - High accessibility for new teams and players.
  - Dynamic and diverse competition.
- **Challenges**:
  - Fragmented structure with inconsistent rules and schedules.
  - Reliance on sponsorships for funding.

# Key Models – Competitive Models (2)

**Franchise Model**:

Similar to traditional sports leagues, teams buy permanent slots in a league.

- **Examples**:
  - **Overwatch League (OWL)**: Teams represent cities.
  - **League of Legends Championship Series (LCS)**: Regional franchise leagues.
- **Advantages**:
  - Stability for teams and players.
  - Strong branding opportunities.
- **Challenges**:
  - High entry costs (e.g., multimillion-dollar franchise fees).
  - Risk of stagnation due to reduced competition.

# Key Models – Competitive Models (3)

Hybrid Model:

Combines aspects of both open and franchise models.

- Example:
    - Valorant Champions Tour (VCT): Regional leagues with opportunities for outsiders to qualify.
- Advantages:
    - Flexibility to include new talent.
    - Balances stability and competition.
- Challenges:
    - Balancing access for newcomers with the interests of established teams.

# Key Models – Business Models

**Publisher-Controlled Ecosystems**:

Game publishers have full control over tournaments and leagues.

- **Examples**:
  - Riot Games (League of Legends, Valorant).
  - Activision Blizzard (Overwatch, Call of Duty).
- **Advantages**:
  - Consistent branding and rules.
  - Efficient monetization of intellectual property (IP).
- **Challenges**:
  - Monopoly concerns.
  - Limited opportunities for third-party organizers.

# Key Models – Business Models (2)

## Third-Party Tournaments:

## Independent entities organize and host competitions

- Examples: DreamHack, ESL, and PGL.
- Advantages:
  - Encourages diversity in competition.
  - Offers flexibility for multiple games.
- Challenges:
  - Dependence on sponsorships.
  - Limited influence over IP.

# Key Models – Business Models (3)

**Crowdfunding Models**:

Fans contribute directly to prize pools or event funding

- **Examples**:
  - **Dota 2's The International Battle Pass**: Crowdsourced prize pools.
- **Advantages**:
  - Engages the community directly.
  - Generates massive prize pools.
- **Challenges**:
  - Reliance on consistent fan participation.

# Key Models – Organisational Models

**Team-Owned Leagues**:

Teams collectively own and govern the league

- **Examples**:
  - League of Legends European Championship (LEC) shares revenue with teams.
- **Advantages**:
  - Revenue-sharing fosters collaboration.
  - Teams have a voice in governance.
- **Challenges**:
  - Potential for internal conflicts.
  - Requires high levels of trust among stakeholders.

# Key Models – Organisational Models (2)

## City-Based Models:

Teams are tied to cities, similar to traditional sports leagues

- Examples: Overwatch League (OWL).
- Advantages:
  - Encourages regional loyalty and fan engagement.
- Challenges:
  - Harder to implement globally due to esports' inherently digital nature.

# Key Models – Organisational Models (3)

**Player-Centric Models**:

Focuses on individual players rather than teams

- **Examples**:
  - Fighting game communities (e.g., EVO for Street Fighter, Super Smash Bros.).
- **Advantages**:
  - Empowers individual talent.
  - Reduces reliance on large organizations.
- **Challenges**:
  - Less structured and harder to monetize.

# Trends

- **Regionalization**:
  - Localized leagues and tournaments to build regional fanbases (e.g., China's LPL, Europe's LEC).

- **Mobile Esports**:
  - Rise of mobile gaming competitions, especially in Asia and South America (e.g., PUBG Mobile, Free Fire).

- **Integration with Traditional Sports**:
  - Partnerships between esports teams and traditional sports organizations (e.g., FC Schalke 04 in League of Legends).

- **Community-driven Esports**:
  - Games like Minecraft, Fortnite, and Roblox embrace player-created competitions.

# Challenges and Considerations

- **Sustainability**: How to ensure long-term profitability.

- **Globalization vs. Localization**: Balancing international appeal with regional connections.

- **Inclusivity**: Ensuring opportunities for underrepresented groups.

- **Technological advancements**: Leveraging AR/VR and blockchain for innovative experiences.

# Future Directions?

- **Consolidation**: Merging smaller leagues into more robust structures

- **Enhanced monetization**: Expanding revenue streams through digital merchandise, NFTs (?!?!?! – hope not), and subscription models.

- **Decentralized governance**: Empowering players and fans to have a voice in decision-making.

- **Cross-industry partnerships**: Collaborations with media, tech, and traditional sports.

# Discussion

- Which competitive model is best suited for long-term growth in esports?

- How can smaller, community-driven games sustain themselves in a publisher-dominated industry?

- What role should technology play in the evolution of esports models?

- See Rizzi Dimita, the organisation of esports tournaments, in Esports Law and Practice, Forthcoming (see QM+)