



# The evolving landscape of sports gaming in India



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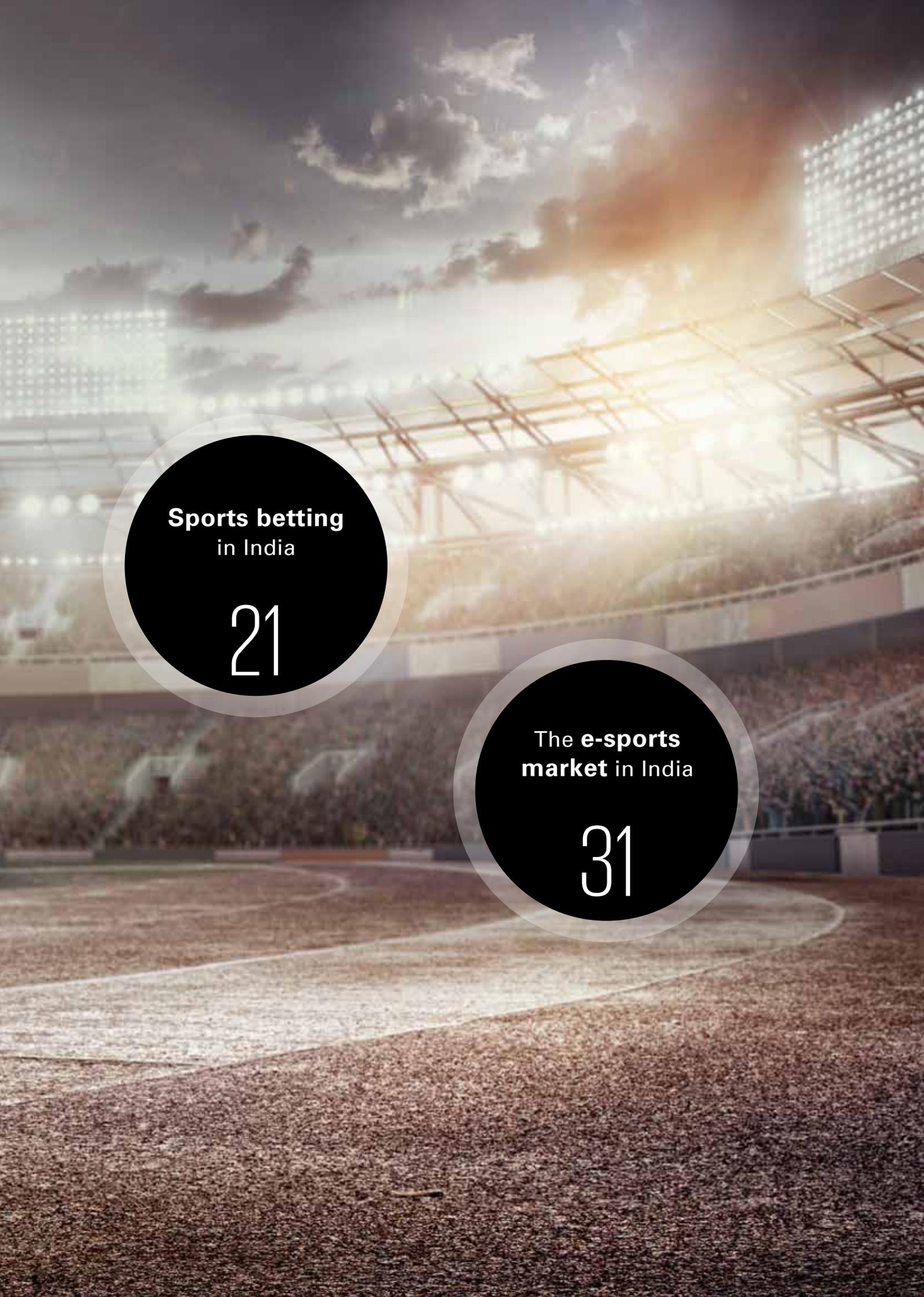
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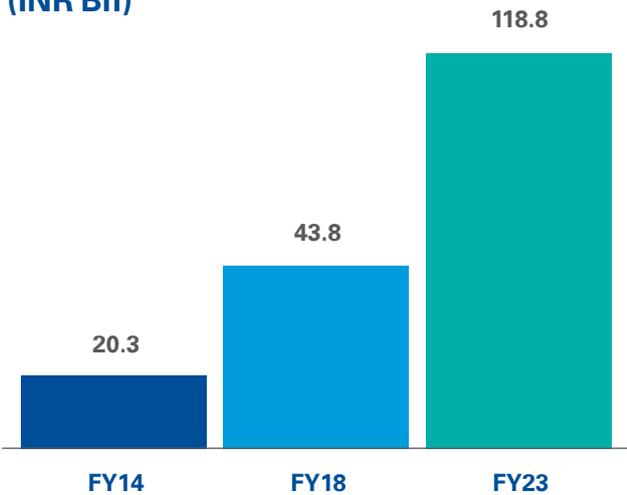
# An overview of online gaming in India



The online gaming market in India has seen tremendous growth of late, driven, in part, by the surge in digital usage. The revenues have nearly doubled over a period of four years, reaching INR43.8 billion in FY18 and are expected to grow further at a CAGR of 22.1 per cent from FY18-23, expected to reach INR118.8 billion.<sup>01</sup> The increase

in online gaming activity driven by the growth in the number of gamers by nearly ten times over 2010-2018, also led to similar growth in game developing companies over the same period. The proliferation of affordable smartphones, high-speed internet and falling data prices are the primary catalysts for this rapid growth.

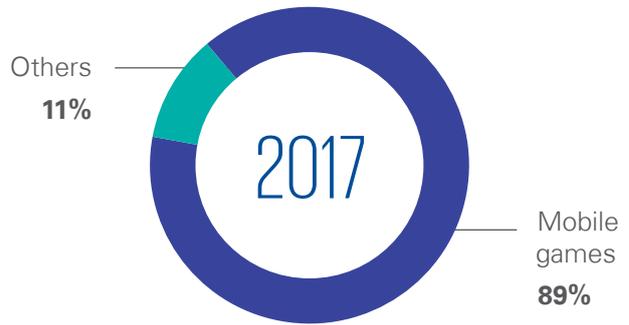
### Online gaming industry revenue\* (INR Bn)



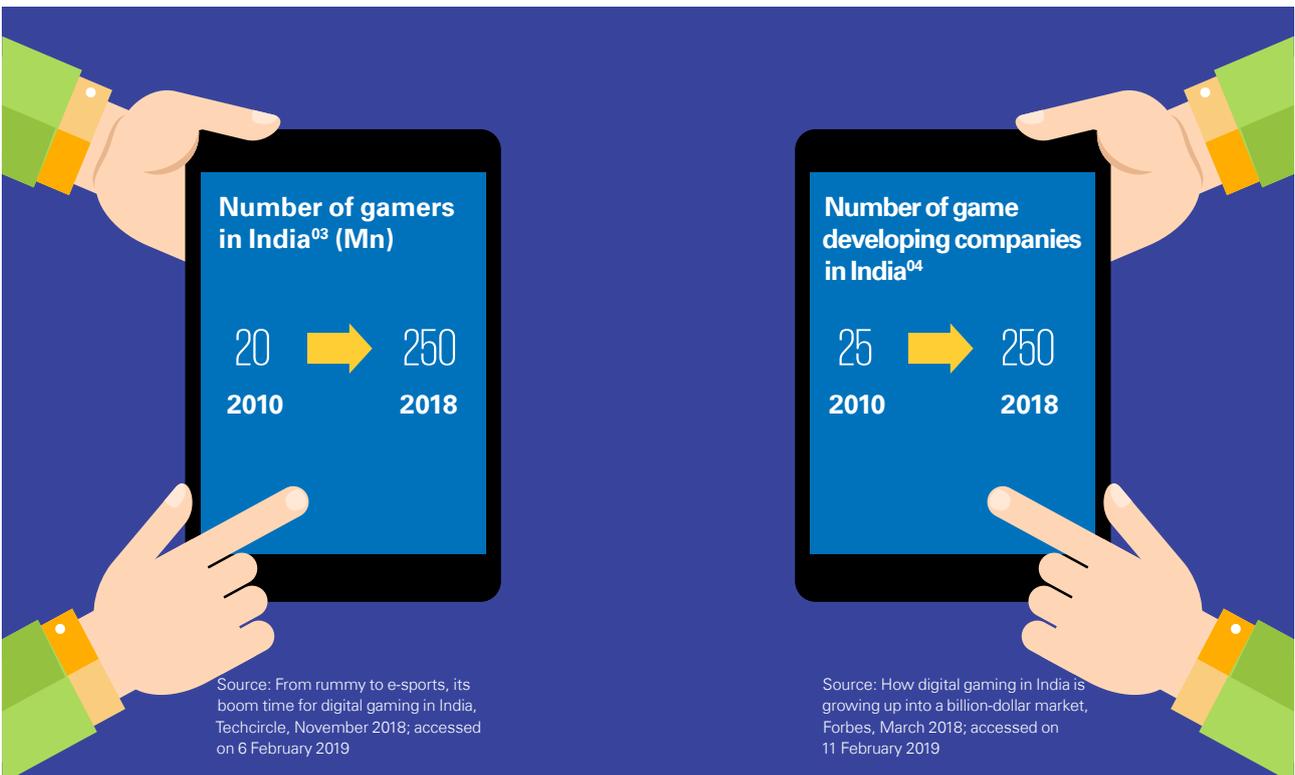
Source: 'Media ecosystems - The walls fall down', KPMG in India, 2018

\*Note: Revenue category - Mobile gaming, PC and consoles (excluding sales of physical video games) and browser based games

### Share of revenues in online gaming



Source: Newzoo Consumer Insights<sup>02</sup>



01. Media Ecosystems: The walls fall down, KPMG in India's Media and Entertainment Report, 2018

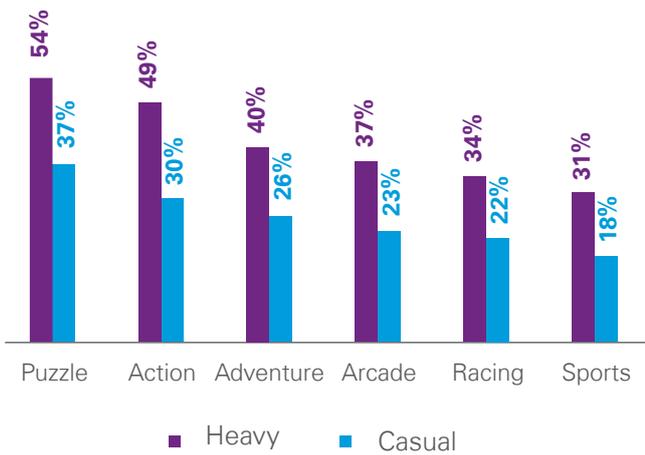
02. The India opportunity: tapping into one-tenth of the world's gamers, Newzoo, April 2018; accessed on 7 February, 2019

03. From rummy to e-sports, its boom time for digital gaming in India, Techcircle, November 2018; accessed on 6 February, 2019

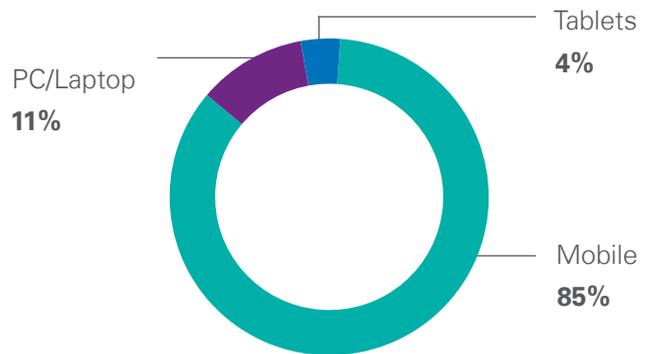
04. How digital gaming in India is growing up into a billion-dollar market, Forbes, March 2018; accessed on 11 February, 2019

In terms of popular gaming genres, puzzle, action and adventure are the most consumed among casual and heavy gamers. Also, mobile phones are the most preferred device amongst online gamers owing to the flexibility they offer in terms of the potential 'anytime, anywhere' usage.

### Top mobile game genres



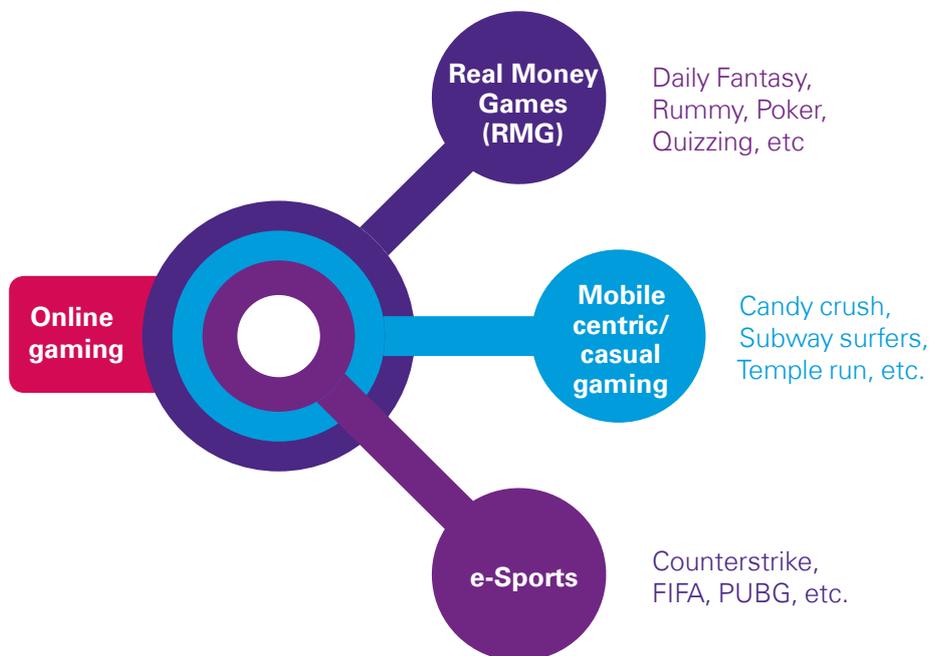
### Device preference



Source: Online gaming in India: Reaching a new pinnacle, Study by KPMG India and Google, May 2017



The three key segments of online gaming are – real money games (RMG), mobile-centric/casual games and e-sports. Within the RMG genre, the further sub classifications include rummy, poker, daily fantasy sports and quizzing.



This report delves deeper into two segments of online gaming: e-sports and particularly fantasy sports. We discuss the market for e-sports in India and the growth drivers and challenges, while for fantasy sports, we aim to understand the dynamics behind engagement of users with fantasy sports platforms, as well as to understand how fantasy sports is vastly different from sports betting.



# The fantasy sports market in India



# Fantasy sports - market overview

Online fantasy sports gaming (OFSG) is a form of skill-based online sports gaming where sports fans can create their own team made up of real-life players from upcoming matches and is widely played across cricket, football, kabaddi, basketball and other popular sports games. These virtual teams garner points based on the actual statistical performance of players during the course of the real life match and winners are determined accordingly. The Punjab and Haryana High Court has ruled positively on Dream11's fantasy sports game which follows the below format:

- a. Participants have to choose a team consisting of the same number of players as the real-life sports team (e.g. five in basketball, seven in kabaddi and eleven in cricket/football)
- b. The fantasy sports team needs to have a mix of players from both the participating real-life sports teams
- c. All fantasy sports contests should run for at least the duration of one full sports match
- d. No team changes are allowed by participants after the start of the sports match.

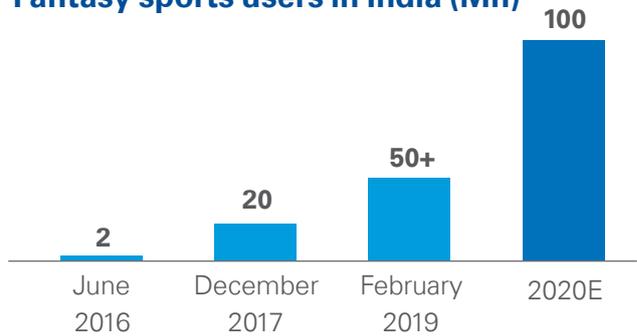
The fantasy sports landscape in India has witnessed a significant transformation since its launch nearly two decades ago. ESPN-Star Sports launched its 'Super Selector fantasy game' in 2001, which was amongst the earliest fantasy games in the country to gain user traction. The format of the game involved people registering their teams for free, with contest duration ranging from a month to a specific series. Over the years, other popular tournaments such as English Premier League, UEFA Champions League, ICC events, and IPL, developed games where people could manage their teams for specific tournaments.

In the last 2-3 years, OFSG in India has witnessed stupendous growth. The number of fantasy sports operators has increased by seven times (~7x) over 2016-2018, whereas the number of users has grown by over twenty five times (~25x) from June 2016

to Feb 2019.<sup>01</sup> A majority of the fantasy sports platforms offer a single-match 'Free to play' or 'Pay to Play' model of daily fantasy sports. The daily fantasy sports format is highly sticky and offers sports fans a meaningful way to engage deeper with their favourite sports.

Users can play in 'practice contests' that are free to join, or in 'cash contests' requiring an entry fee and which offer monetary returns. Fantasy sports has witnessed a rapid evolution from a great fan engagement tool to a major segment of the online sports gaming universe in India.

## Fantasy sports users in India (Mn)



Source: Fantasy sports to have 100 million users in India by 2019, the journey has just begun, Financial Express, June 2018; accessed on 1 February 2019

Some of the key reasons for this rapid adoption of fantasy sports include:

## Emergence of sports leagues

The advent of multiple sporting leagues in India over the last few years (e.g. football, kabaddi, badminton, basketball and volleyball) has increased opportunities for users to engage in fantasy sports. While the Indian Premier League (IPL) remains the prime sports property in India, both from a sporting as well as a fantasy sports point of view, the emergence of these new leagues ensures that users can engage with multiple sports throughout the year. The regional/ geography based team structures of most of the new leagues, coupled with the presence of national and international stars, ensures a keen following of these leagues on fantasy sports platforms as well. Some of these new popular sports leagues launched in India are:

League	Sport	Year of incorporation
Indian Super League	Football	2014
Pro Kabaddi League	Kabaddi	2014
Pro Wrestling League	Wrestling	2015
Hockey India League	Hockey	2013
Pro Volleyball League	Volleyball	2019

Source: KPMG in India analysis, 2019

01. Fantasy sports to have 100 million users in India by 2019, the journey has just begun, Financial Express, June 2018; accessed on 1 February, 2019



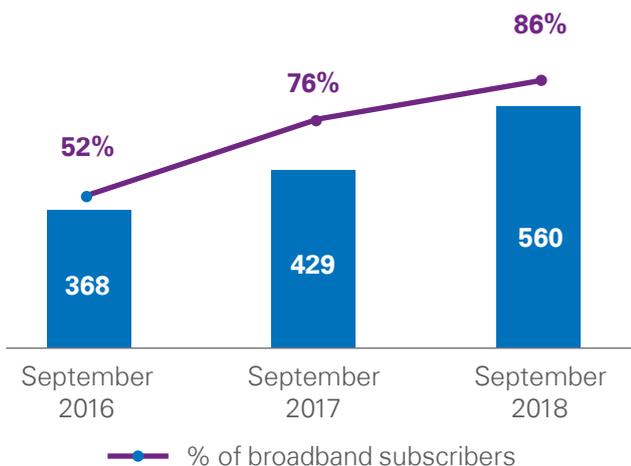
Source: Fantasy sports to have 100 million users in India by 2019, the journey has just begun, Financial Express, June 2018; accessed on 1 February 2019

## Growth in digital infrastructure

Over the last two years, the number of internet subscribers has grown from 368 million in September 2016 to 560 million in September 2018, of which 86 per cent were broadband subscribers. Also, during the same period, average data usage per subscriber increased significantly due to the availability of affordable smartphones/smart feature phones coupled with rapidly falling data costs.

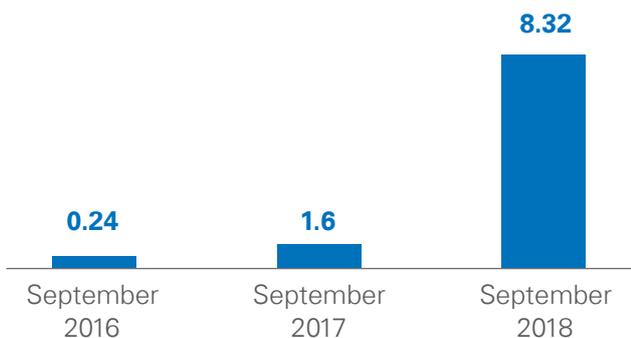
This growth in digital infrastructure has led to the availability of high speed internet in the hands of the Indian masses, helping drive growth in fantasy sports. The option of playing the sport on a handheld device and at any given point irrespective of location and time has significantly helped the user engagement around fantasy sports.

## Internet subscribers in India (Mn)



Source: TRAI performance indicator report, Sept 2018

## Average data usage/subscriber/month (GB)



Source: TRAI performance indicator report, Sept 2018

## Increased investor interest

The rapid growth of fantasy sports in India has been well supported by continued investor interest in some of the leading players in the market. Some of the recent key investments in the fantasy sports segment are outlined below. Also, others players like DailyFantasy Cricket and CricNWin have raised funding of less than USD4 million.<sup>02</sup>

Year	Player	Deal
2019	Rooter	Raised INR10 Mn from early-stage venture capital firm Anthill Ventures <sup>03</sup>
2018	Dream11	Raised USD100 Mn in a Series D funding round led by Chinese multinational investment holding conglomerate Tencent <sup>04</sup>
2018	FanFight	Hyderabad-based Head InfoTech acquired a majority stake in platform and invested USD1 million <sup>05</sup>
2018	Halaplay	Raised USD5 Mn in Series A funding led by Nazara Technologies and Kae Capital <sup>06</sup>
2017		Nazara Technologies and Kae Capital acquired 32 per cent stake through USD0.5 Mn seed funding <sup>07</sup>
2016	Fantain Sports	BookMyShow acquired majority stake <sup>08</sup>

Source: KPMG in India analysis, 2019

02. Dream11 emerges from a legal wrangle to build India's leading fantasy sports platform, Your Story, October 2018; accessed on 6 February, 2019
03. How this start up is looking to leverage Cricket World Cup 2019 to accelerate growth, Financial Express, January 2019; accessed on 4 February, 2019
04. Tencent pours in \$100 mn in Dream11 at valuation of \$500 mn, Entracker, September 2018; accessed on 6 February, 2019
05. Head Infotech acquires majority stake & invests \$1 million in FanFight, Economic Times, March 2018; accessed on 4 February, 2019
06. Halaplay Technologies, Crunchbase; accessed on 30 January, 2019
07. Halaplay Technologies, Venture Intelligence; accessed on 30 January, 2019
08. BookMyShow acquires majority stake in Fantain sports, VC Circle, March 2016; accessed on 29 January, 2019

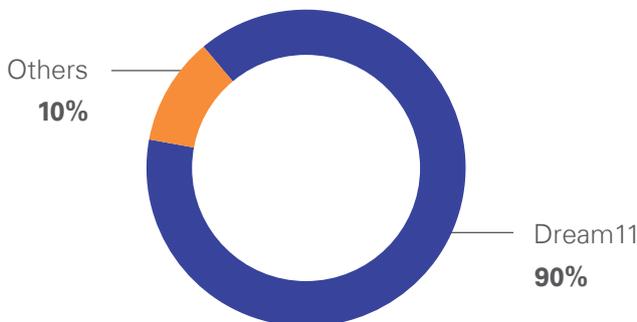
### Reaffirmation around the legality of fantasy sports

The ruling by the High Court of Punjab and Haryana<sup>09</sup> and subsequent affirmation by the Hon'ble Supreme Court on Dream11's format of fantasy sports<sup>10</sup> as a game of skill rather than chance has helped spread awareness about the legality of fantasy sports and encouraged the participation of more users. At the same time, fantasy sports operators have also started promoting their product intensively and making conscious efforts to maintain the credibility of their website/app by partnering with official sports leagues. The 'Khelo Dimaag Se' campaign by Dream11 was aimed at reaffirming the skill based nature of fantasy sports.

### Key partnerships of fantasy sports platforms with sports leagues

Some of the prominent players in this segment such as Dream11, MyTeam11, Halaplay, 11Wickets, Starpick and Fantain have also partnered with official sports leagues as their fantasy sports game partner. Dream11, the leader in this segment with 90 per cent of the total market share<sup>11</sup>, is the Official Fantasy Game Partner of the International Council of Cricket (ICC), VIVO Pro Kabaddi League (PKL), Hero Indian Super League (ISL), National Basketball Association (NBA), Hero Caribbean Premier League (CPL), International Hockey Federation (FIH) and Big Bash League (BBL)<sup>12</sup>. MyTeam11 has partnered with Pro Volleyball League (PVL) and Pakistan Super League (PSL)<sup>13</sup>. Apart from these operators, prominent leagues like Indian Premier League (IPL) run their own official fantasy leagues.

### Share in fantasy sports market of India



Source: From rummy to e-sports, its boom time for digital gaming in India, Techcircle, November 2018; accessed on 29 January, 2019

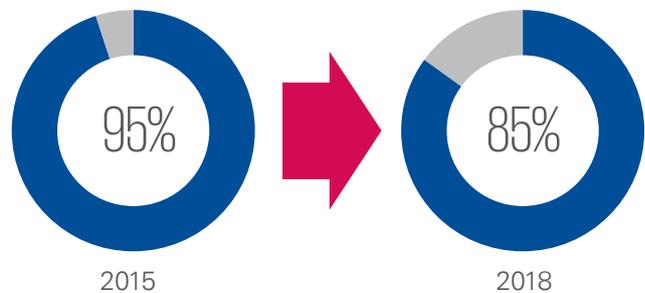
There are two models of fantasy sports games offered by these players

- Free to play – Users play free contests, which may or may not have cash prizes associated with them
- Pay to play – Users pay an entry fee to participate in paid contests. Operators charge a service/ platform fee of 15-25 per cent<sup>14</sup> from the total pool before winnings disbursement.

However, most of the contests are still on a 'Free to play' basis as nearly 85 per cent of Dream11's total user base plays for free.<sup>15</sup> Other revenue streams for platforms could include advertisements, contest sponsorships and brand partnerships.

Most of the popular sports like cricket, football, basketball, kabaddi are available on fantasy sports platforms. For Dream11, cricket is the most popular sport on its platform constituting approximately 85 per cent of its user base<sup>16</sup>, but this has reduced over the last three years as other sports gained traction with emergence of new leagues in India. All of these platforms provide contests on a daily format only apart from Dream11 which has recently introduced the season long league format as well.<sup>17</sup>

### Share of cricket as a sport in the Dream11 user base



Source: Dream11: How a fantasy gaming app became a brand, Afaqs!, January 2019; accessed on 28 January 2019

09. Shri Varun Gumber v. UT of Chandigarh and ORS, Casemine, accessed on 8 February, 2019  
 10. SC rejects appeal to initiate criminal action against Dream11, Glaws, March 2018, accessed on 26 February 2019  
 11. From rummy to e-sports, its boom time for digital gaming in India, Techcircle, November 2018; accessed on 29 January, 2019  
 12. Dream11 website; accessed on 26 February, 2019  
 13. MyTeam11 website; accessed on 26 February, 2019  
 14. Based on industry discussions  
 15. Dream11: How a fantasy gaming app became a brand, Afaqs!, January 2019; accessed on 28 January, 2019  
 16. Based on industry discussions  
 17. Dream11: How a fantasy gaming app became a brand, Afaqs!, January 2019; accessed on 28 January, 2019

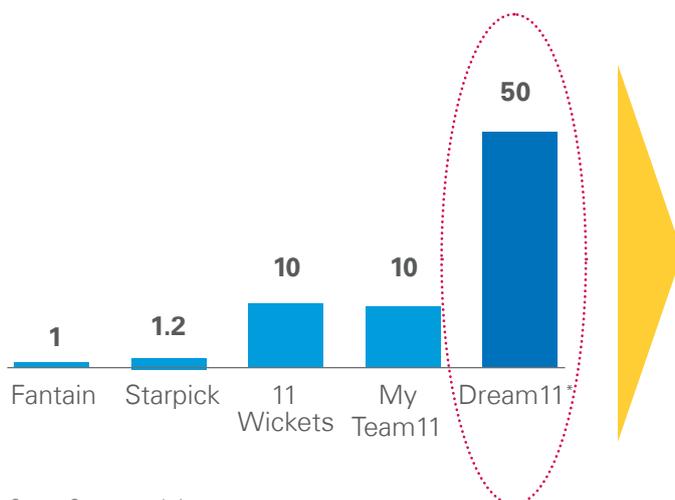
## Market landscape of fantasy sports in India

Player (Year Est.)	Key investors	Sports available on platform	Format	Business model
Dream11 (2008)	Kalaari Capital, Think Investments, Multiples Alternate Asset Management, Tencent	Cricket, kabaddi, NBA, football, hockey	Daily and season long contests	Freemium
MyTeam11 (2017)	-	Cricket, football, kabaddi	Daily	Freemium
Halaplay (2017)	Kae Capital, Nazara Games	Cricket, football, kabaddi	Daily	Only paid
11Wickets (2018)	-	Cricket, football	Daily	Only paid
Fantain (2013)	BookMyShow	Cricket, football, kabaddi	Daily	Freemium
Starpick (2018)	Angel Investors	Football, basketball, cricket, tennis, kabaddi	Daily	Freemium

Source: KPMG in India analysis, 2019

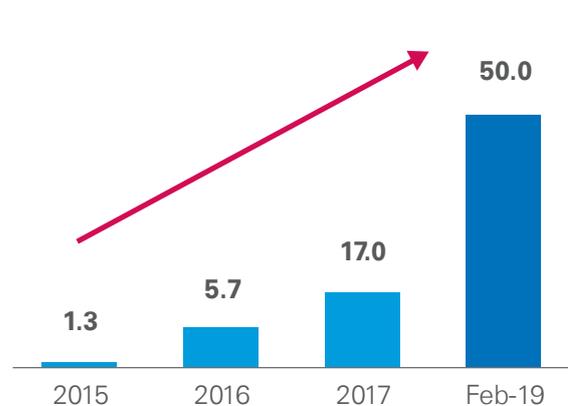
In terms of total registered user base on a fantasy sports platform, Dream11 is the market leader with 50 million registered users. Its' user base has grown at a CAGR of ~230 per cent over a period of three years.

### User base of key players - 2018 (Mn)



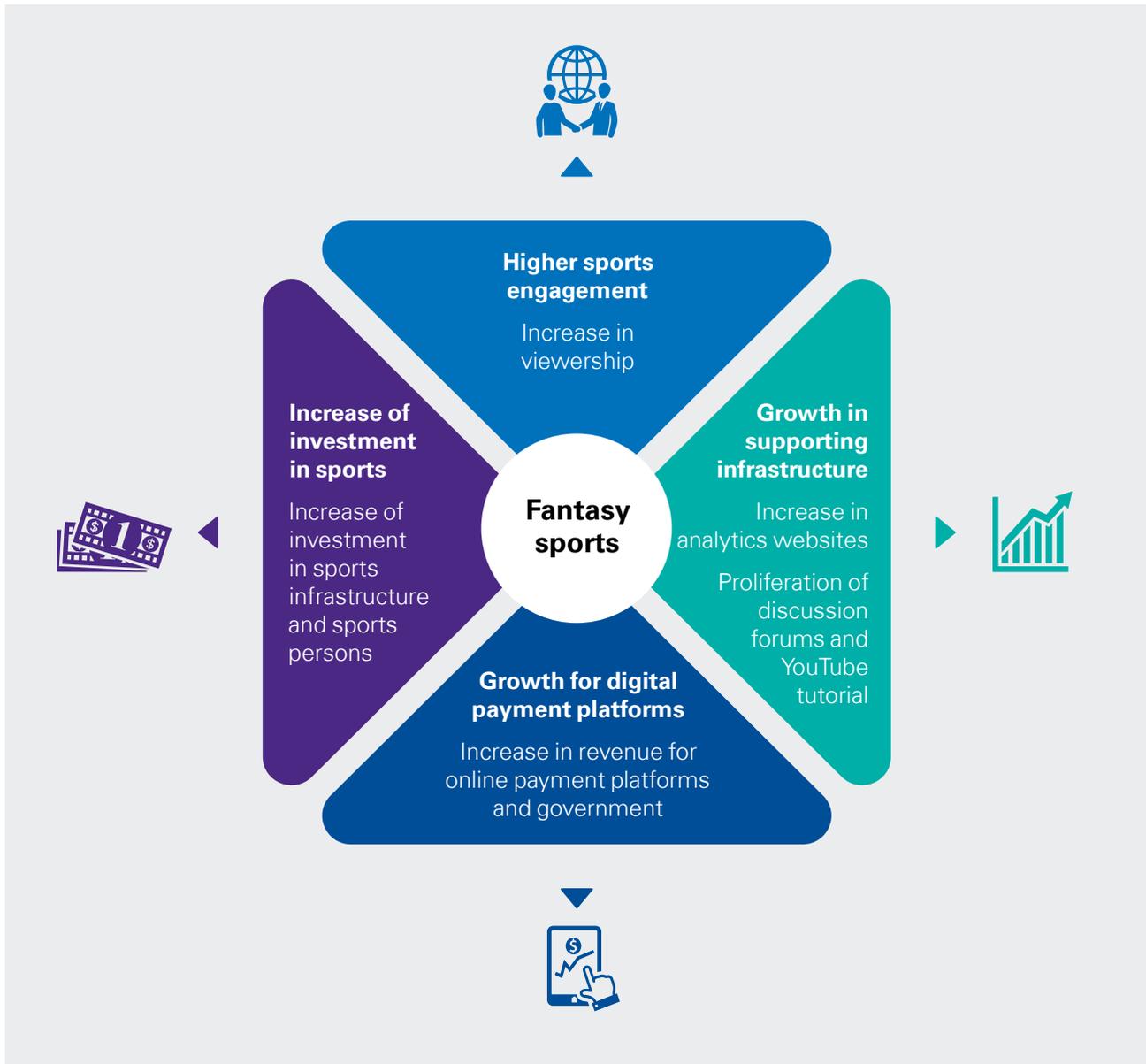
Source: Company websites  
\*: Dream11 base as on Feb 2019'

### Growth in user base of Dream11 (Mn)



Source: Dream11 investor presentation

## Network effects around fantasy sports – spawning a whole ecosystem



### Higher fan engagement

The rise of online fantasy sports gaming in India has not only increased the interest of users in sports but also spawned a whole ecosystem around it. Most importantly, the emergence of fantasy sports is driving a deeper connection between sports fans and real life sports and fantasy sports has converted many casual sports viewers into dedicated fans. As

an example, there have been studies that show that in the United States, when a sports user evolves into a fantasy sport user, he or she consumes 80 percent more sports.<sup>18</sup> Therefore, by increasing the connection between the live sporting action and fantasy game, fantasy sports helps increase user engagement, which in turn facilitates increased sports consumption.

18. Fantasy sports to have 100 million users in India by 2019, the journey has just begun, Financial Express, June 2018; accessed on 1 February, 2019

### Growth in supporting infrastructure

An important aspect in bridging the gap between real sports and fantasy sports has been technology. Fantasy sports operators have been increasingly using new technologies to amplify the product offering and to enhance real time fan engagement. The industry has seen a growth in terms of number of technology providers that provide analytics services to the user and the operator. For example, Dream11 has partnered with CleverTap whose cohort analysis feature allows Dream11 to get a deeper understanding of how its users engage with the app<sup>19</sup>. Also, there are a number of advisory videos platforms which have mushroomed on YouTube overtime providing users with gaming tips and their predictions on team selection. The key revenue stream for these platforms is ad-income.

### Growth for digital payment platforms

On the transaction front, online payments companies stand to benefit as fantasy sports only allows digital payments, thereby helping increase transparency and traceability of funds. Along with facilitating legal monetary transaction which can be monitored, fantasy sports act as a revenue stream for the Government through tax income and GST (levied at 18 per cent of operator gross revenue after deducting the prize pool) generated from users and platforms.

### Contribution to sports development

Investment in talent and infrastructure is the key criterion for fuelling growth in any sport. With an increasing link between multiple sports and related

fantasy games, growth in one drives growth in the other and vice versa, thereby creating a “virtuous circle”. There are several sports leagues who currently benefit from direct sponsor or partnership arrangements with fantasy sports operators.

In addition, CSR monies from such operators are also helping the development of non-recognised sports. By way of example, under the recently launched Stars of Tomorrow (SOT) programme, The Indian Federation of Sports Gaming (IFSG) in association with Dream11 Foundation, GoSports Foundation and Fantain, is providing financial and other assistance to athletes in the age group of 14 to 21 across non mainstream sports like sailing, squash, golf and swimming, helping them transition from junior to senior level athletes.

### Efforts towards self-regulation

Fantasy sports, though a nascent industry in India has been taking necessary steps to achieve self-regulation through its industry body – Indian Federation of Sports Gaming (IFSG). Formed in 2017, IFSG is a self-regulatory industry body that protects consumer interest and creates standardised best practices in the sports gaming industry.

Thus, growth in fantasy sports and its related ecosystem is helping drive the growth of a sports culture in India and helping increase the investment towards sports; in a completely legal way.

## Fantasy sports – chance or skill?

The legitimacy of fantasy sports and the resultant demarcation between games of chance and skill has often come into question. However, recent case laws have established fantasy sports as a game of skill as compared to illegal activities such as sports betting which are games of chance.

A game of skill can be defined as any game or contest in which the designating element of the outcome is the judgment, skill or adroitness of the participant in the contest rather than pure chance<sup>20</sup>. Such type of games encourage the user to understand, experience and analyse aspects related to the game.

### Predominance of skill

Fantasy sports as a game requires the user to select a team based on the application of their knowledge of the particular the sport and involves player performance analysis. The results are dependent on the performances of each individual player rather than of a single player thereby reducing the likelihood of luck. Thus, it requires users to have an understanding of the game and a judgement of selected players’ performance over the others.

19. Fantasy sports platform Dream11 retains 5x more customers with advanced user insights, CleverTap; accessed on 31 January, 2019

20. 24 F. 3d 56 - Wedges/edges of California Inc v. City of Phoenix Arizona, OpenJurist, May 1994, accessed on 26 February, 2019

Even though every fantasy sports game has an element of chance or luck considering that luck plays a part in the real life performance of players, it is not the determining factor in the success or failure of a user's fantasy sports team. Thus, fantasy sports would be classified as a game of 'mere skill'. Also, there are various elements which are intrinsic to the game format which require skill rather than chance to win the game. For example, some features like team selection with the same number of players as in real life team sport, a restriction on the number of players that can be selected from each team, the continuation of the game for at least the duration of the relevant match in real time, an upper limit on spends to select the team and prohibition from changing the team structure after the start of the real time sports match ensures the predominance of element of skill in the game.

### Court rulings around fantasy sports

There have been numerous debates around the legal status of fantasy sports and their classification as a 'game of skill'. As per the Indian legal system, fantasy sports and sports betting or gambling activities are differentiated on the basis of the predominance of 'skill' or 'luck'.

Also, in the recent ruling of the High Court of Punjab and Haryana in the case of 'Shri Varun Gumber vs. Union Territory of Chandigarh and others' in 2017<sup>21</sup>, it was held that playing fantasy sports of the type under consideration in the case (i.e. a Dream11 game) involved a substantial degree of skill and did

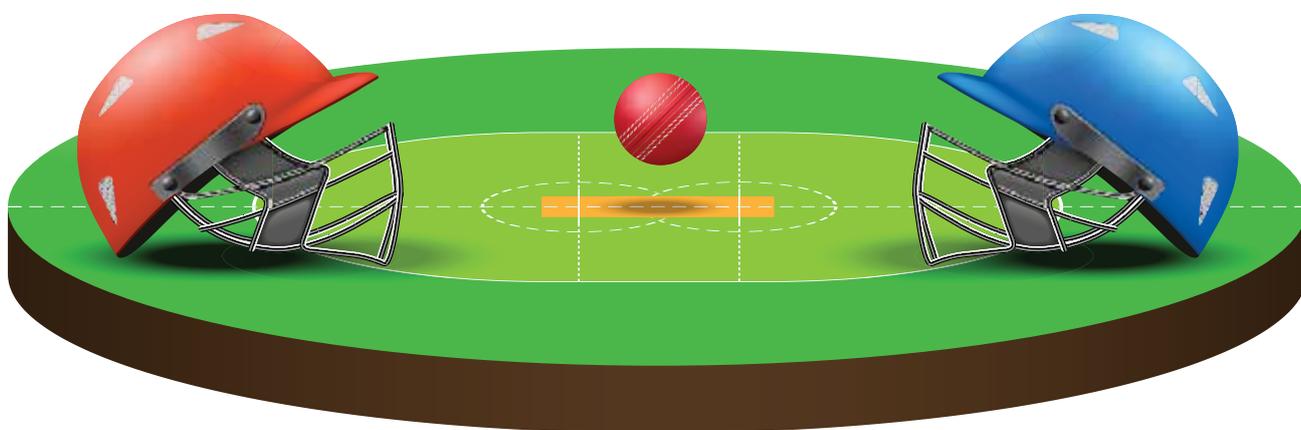
not amount to gambling. The Court held that 'the element of skill' had a predominant influence on the outcome of the game under consideration, which had the following format:

- Participants have to choose a team consisting of the same number of players as the real-life sports team (e.g. five in basketball, seven in kabaddi and eleven in cricket/football etc.)
- The fantasy sports team needs to have a mix of players from both the participating real-life sports teams
- All contests are run for at least the duration of the relevant real-life match
- No team changes are allowed by participants after the start of the relevant real-life match.

On the above basis, the Court adjudged that the above format, as offered by Dream11, constitutes a 'game of mere skill', and that Dream11 is a legitimate business activity protected under Article 19(1)(g) of the Constitution of India<sup>22</sup>.

Later, an appeal against the Punjab & Haryana High Court's decision was filed which was subsequently dismissed through an order of the Hon'ble Supreme Court.

This clarification of the legal status of the above fantasy sports format has helped boost the overall fantasy sports market in terms of a larger number of platforms entering the market with similar formats and also leading to widespread user adoption.



21. Shri Varun Gumber v. UT of Chandigarh and ORS, Casemine, accessed on 8 February, 2019

22. Legal Framework, Gambling and Sports betting including cricket in India, Law Commission of India, July 2018



# Understanding the fantasy sports consumer

For the purpose of this study, a dipstick survey was commissioned to understand the fantasy sports consumer who has engaged with such platforms over the last year and gain the following key insights across demographic profiles:

- Frequency of engagement of the users
- Motivations for engaging in fantasy sports
- Is fantasy sports similar to sports betting, and the factors determining such perceptions
- User behaviour around free vs. paid gaming on fantasy sport platforms
- Modes of engagement and dominant sports played on platforms
- Recall of major fantasy sports platforms and non-monetary reward expectations from them.

The survey was conducted taking into account only consumers who had played fantasy sports in the last 12 months, with the sample sourced from regular users of online sports fantasy games as well as professionals who regularly engage in fantasy sports. The overall number of respondents were 336, with the key findings of the survey outlined in the following section.

## Summary of key Insights from the survey

**74%** of the respondents play fantasy sports 1-3 times a week, with the majority playing once a week



**54%** of the respondents play fantasy sports for free

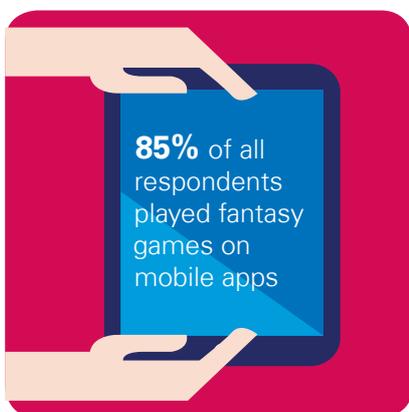


**46%** of the respondents have played paid contests at least once in the last 12 months

**72%** of the respondents consider 'Fun and excitement' as the primary motivator for engaging with fantasy sports platforms



**85%** of all respondents played fantasy games on mobile apps



**71%** of the respondents play fantasy cricket



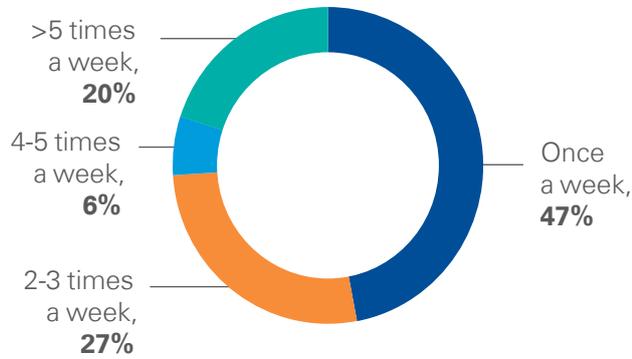
and **54%** of the respondents play fantasy football



**60%** of respondents recall Dream11; the highest amongst all fantasy sports platforms, followed by official fantasy games of popular tournaments in cricket and football



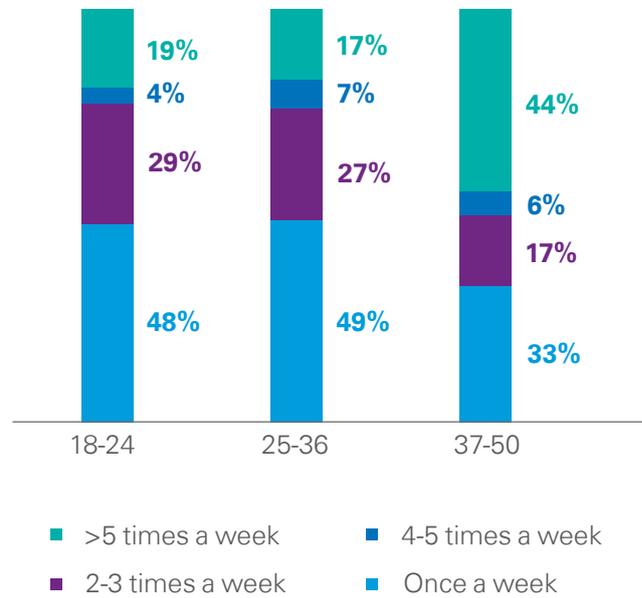
### Fantasy sports – frequency of engagement



Source: KPMG in India analysis, 2019 based on survey

The survey revealed that nearly 75 per cent of the respondents play fantasy sports 1-3 times a week, with the majority playing once a week. A significant 20 per cent of the respondents reported playing more than five times a week. This engagement frequency was further analysed across the following parameters.

### Frequency of engagement – age-wise distribution

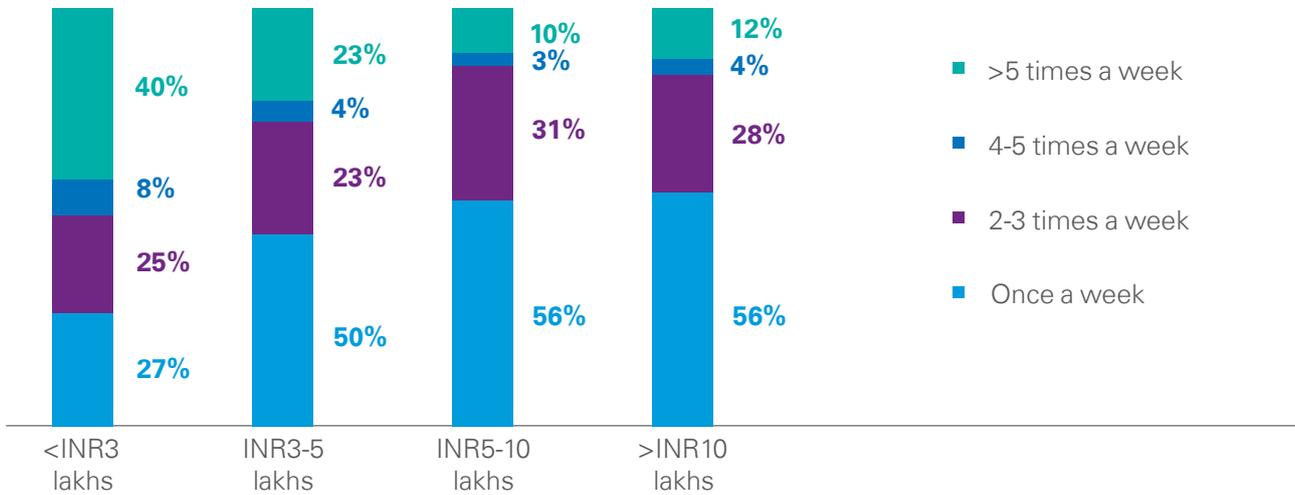


Source: KPMG in India analysis, 2019 based on survey

Though playing frequency is fairly consistent across the age groups of 18-24 and 25-36 with nearly 75-80 per cent of the respondents playing 1-3 times a week, the 37-50 age group was seen to have a comparatively higher engagement. Nearly 50 per cent of the respondents in the 37-50 age group reported playing fantasy game more than four times a week.



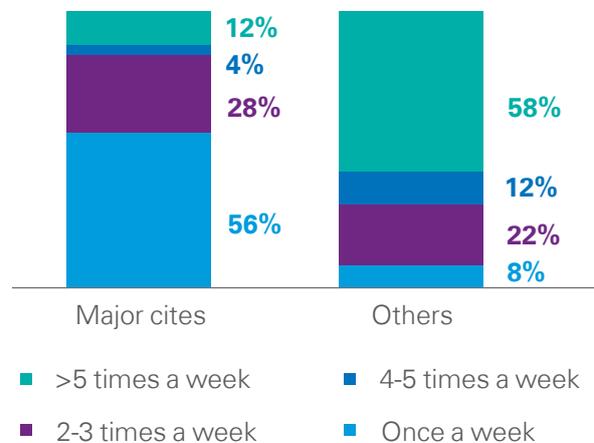
### Frequency of engagement – income wise distribution



Source: KPMG in India analysis, 2019 based on survey

The engagement frequency in the income group earning <INR3 lakh per annum shows 40 per cent of the respondents playing fantasy sports more than five times a week. Frequency of playing more than five times a week was found to fall progressively with increasing income levels, with only 12 per cent of the respondents earning more than INR10 lakh per annum playing more than five times a week. This could imply that fantasy sports platforms could potentially be considered as means for earning incremental/supplementary by comparatively lower income groups, leading to an increased engagement with the platform.

### Frequency of engagement – city-wise distribution

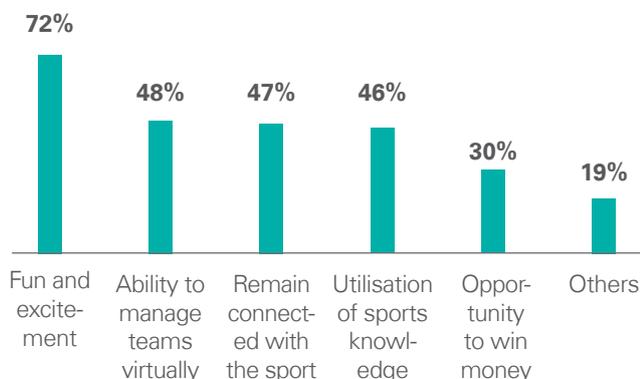


Note: Major cities includes Delhi, Mumbai, Bengaluru, Kolkata, Hyderabad, Ahmedabad, Chennai and Pune

Source: KPMG in India analysis, 2019 based on survey.

A majority of the respondents from the largest 7-8 cities of the country were found to be playing less frequently than respondents from some of the smaller cities in the country. Nearly 85 per cent of the respondents from the major cities play fantasy sports 1-3 times a week as compared to nearly 70 per cent of respondents from smaller cities who play more than four times a week on such platforms. This outlines deep penetration of fantasy sports across the masses in India, especially in smaller cities.

# Fantasy sports – motivators for engagement



Source: KPMG in India analysis, 2019 based on survey

N=336, the total % is greater than 100%, as respondents could choose more than 1 motivation

The survey revealed that motivations for playing fantasy sports varies widely amongst respondents. However, the element of 'Fun and excitement' was the primary motivation for engagement amongst the respondents. The 'Ability to manage teams virtually', 'Remain connected with the sport' and 'Utilisation of sports knowledge' were other important motivators for engagement, which roughly half of all respondents mentioned. The 'Opportunity to win money' was seen as a motivator for 30 per cent of respondents, but this was only the fifth most important factor for engagement. This ties in with the fact (outlined in the analysis below) that a majority of the respondents play fantasy sports for free, for 'Fun and excitement'.

The engagement motivations we also analysed based on the following aspects:

## Motivations for engagement – income-wise distribution

Income (lakhs)	Fun and excitement	Ability to manage teams virtually	Remain connected with the sport	Utilisation of sports knowledge	Opportunity to win money	Others
<INR3	59%	26%	26%	20%	39%	13%
INR3-5	67%	48%	41%	48%	26%	22%
INR5-10	79%	53%	51%	50%	35%	22%
>INR10	80%	59%	56%	58%	25%	21%

Source: KPMG in India analysis, 2019 based on survey

The element of 'Fun and excitement' was found to be the primary motivating factor for engaging with fantasy sports across all income groups. The 'Opportunity to win money' factor was found to be the second most important factor for income levels of <INR3 lakh, whereas 'Ability to manage teams virtually', 'Remain connected with the sport' and 'Utilisation of sports knowledge' were the top

motivators across income groups of INR3 lakh and more. The fact that <INR3 lakh income level was also found to have a somewhat higher frequency of engagement as well, could point to fantasy sports being seen as a viable opportunity for such respondents to supplement their income, which in return drives repeat engagement with the platforms.

### Motivations for engagement – profession-wise distribution

Profession	Fun and excitement	Ability to manage teams virtually	Remain connected with the sport	Utilisation of sports knowledge	Opportunity to win money	Others
Student (18+ years)	68%	39%	31%	35%	32%	14%
Self employed	63%	-	19%	19%	50%	6%
Professional	75%	54%	54%	51%	28%	22%
Unemployed	67%	17%	17%	17%	50%	-

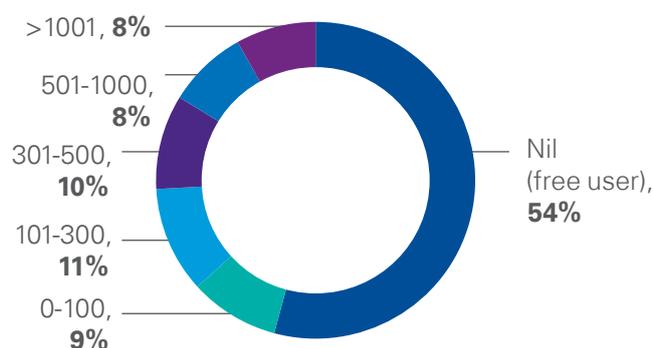
Source: KPMG in India analysis, 2019 based on survey

While 'Fun and excitement' was found to be the primary motivating factor for engaging with fantasy sports platforms across professions as well, nearly 50 per cent of the respondents who were unemployed or self-employed stated the 'Opportunity to win money' as one of their secondary motivations for playing fantasy sports. These could potentially point

to respondents who look at fantasy sports as a means to earn additional income. For professionals, the primary motivators for playing fantasy sports were elements associated with 'Fun and excitement' and aspects relating to knowledge of and connection with sports.

## Fantasy sports – paid users and monthly spends

### Money spent on fantasy sports platforms per month (INR)

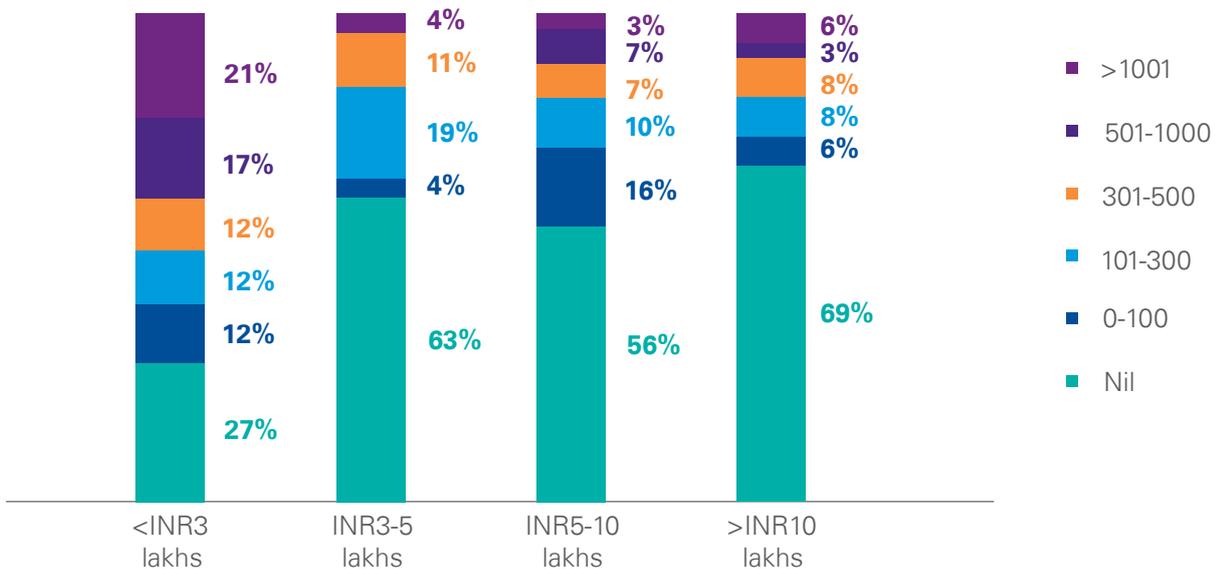


Source: KPMG in India analysis, 2019 based on survey

Even though the opportunity to win was found to be the motivator for 30 per cent of the respondents, nearly 46 per cent of the respondents were found to have played paid versions of fantasy games in the last 12 months.



### Money spent on the fantasy sports platforms – income-wise distribution



Source: KPMG in India analysis, 2019 based on survey

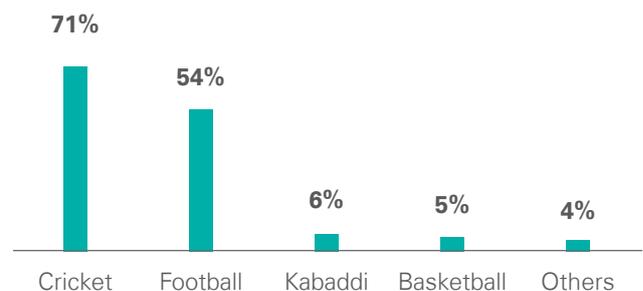
More than 70 per cent of the respondents in the <INR3 lakh per annum earning bracket responded to having paid for fantasy games in the last 12 months.

Of these, around 38 percent of the respondents spent more than INR500 per month on fantasy sports platforms. The potential reason for these spends by respondents earning <INR3 lakh per annum could be that they view fantasy sports platform as a means to earn incremental/supplementary income in a safe and regulated environment, as opposed to using unregulated mediums such as sports betting.

It is also important to note that a material portion (70 – 75 per cent<sup>01</sup>) of the above quoted amount spent on fantasy sports, are reinvestments from previous winnings on fantasy sports platforms, as well as utilisation of cash bonuses and offers that are periodically given to ‘high engagement’ users by these platforms.

An overwhelming 85 per cent of the respondents played fantasy sports via the respective fantasy sports apps, with playing via desktop and mobile website constituting 15 per cent of the remaining user base. This significant app based usage is in line with the rapid growth of mobile internet in the country over the last 8-10 quarters.

### Sport played on the platform

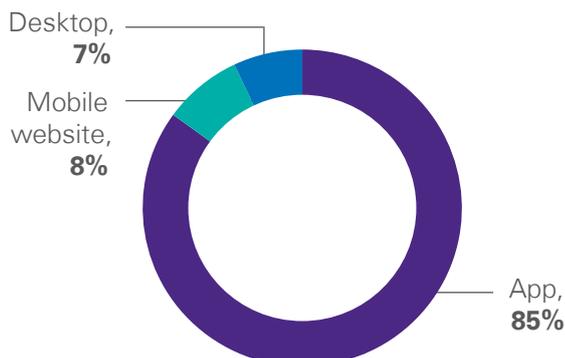


Source: KPMG in India analysis, 2019 based on survey

Note: N=336, the total % is greater than 100%, as respondents could choose more than one sport

A majority, 71 per cent of the respondents played cricket on fantasy sport platforms followed by 54 per cent playing football which reflects the respective popularity of cricket and football in the country. Other sports such as kabaddi, basketball and hockey were less popular amongst the respondents. However, the increasing popularity of non-cricket sports leagues in India may see this emphasis on cricket change in the future. The same would probably need to be supplemented by increased marketing efforts from fantasy sports platforms.

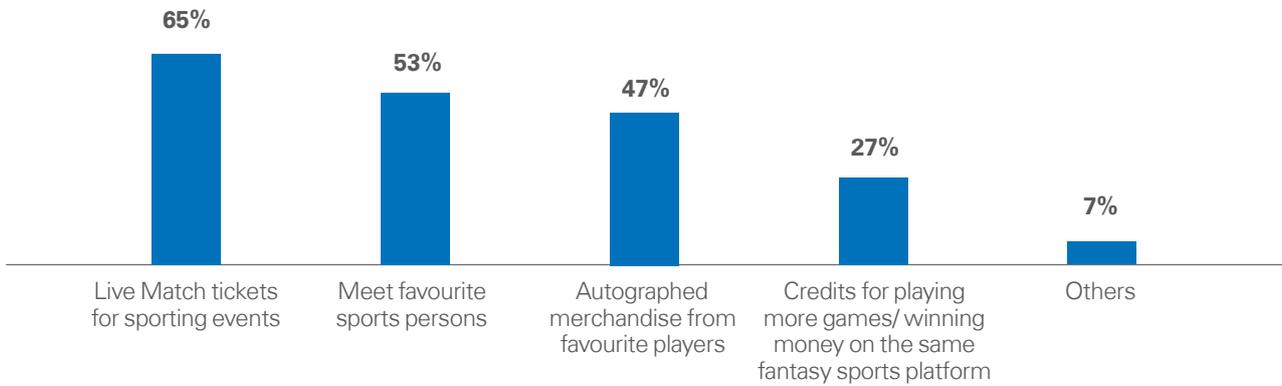
### Mode of engagement with fantasy sports platforms



Source: KPMG in India analysis, 2019 based on survey

01. Based on industry discussions

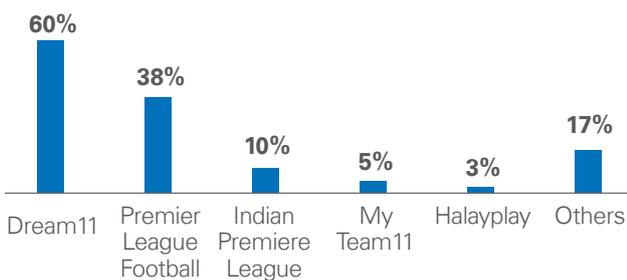
### Additional rewards desired from fantasy sports platforms



Note: N=336, the total % is greater than 100%, as respondents could choose more than one additional reward  
 Source: KPMG in India analysis, 2019 based on survey

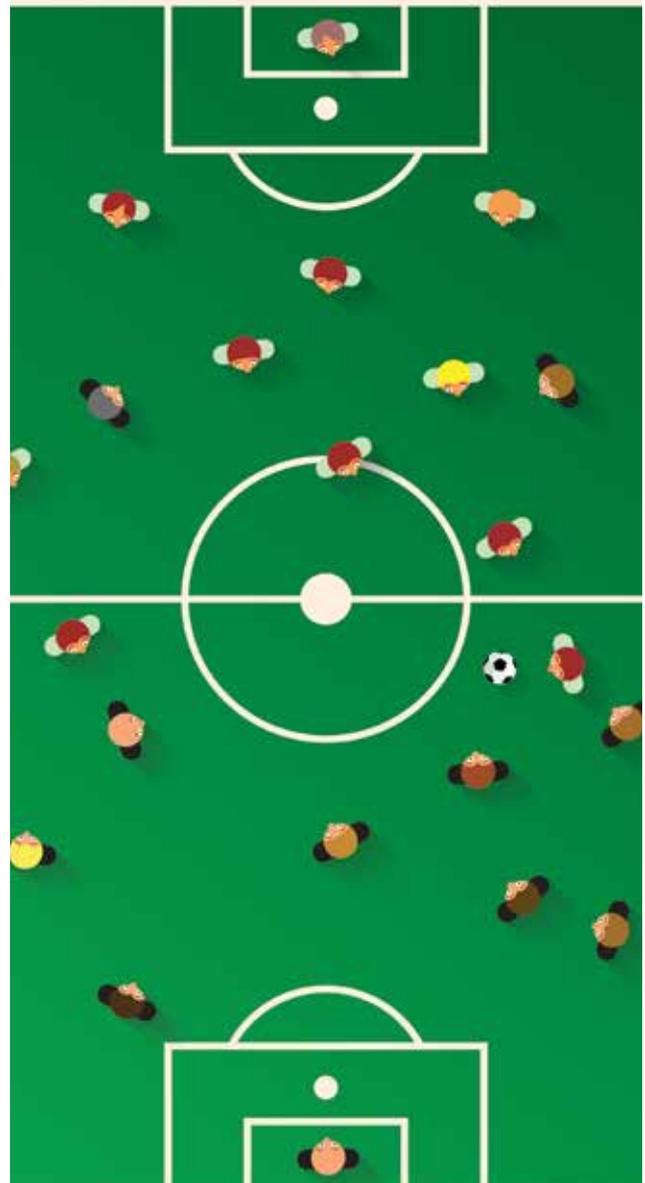
The survey also aimed to understand the nature of rewards that consumers would look forward to on fantasy sports platforms, other than monetary rewards. A significant 65 per cent of the respondents would prefer 'Live match tickets for sporting events', while 'Meeting favourite sportspersons' and 'Autographed merchandise from favourite players' featured high on the wish list of respondents as well. These factors are opportunity areas that fantasy sports operators could look to explore in the future, as a means to deepen their engagement with the users, and bring them closer to the sport they love.

### Recall of fantasy sports websites/apps

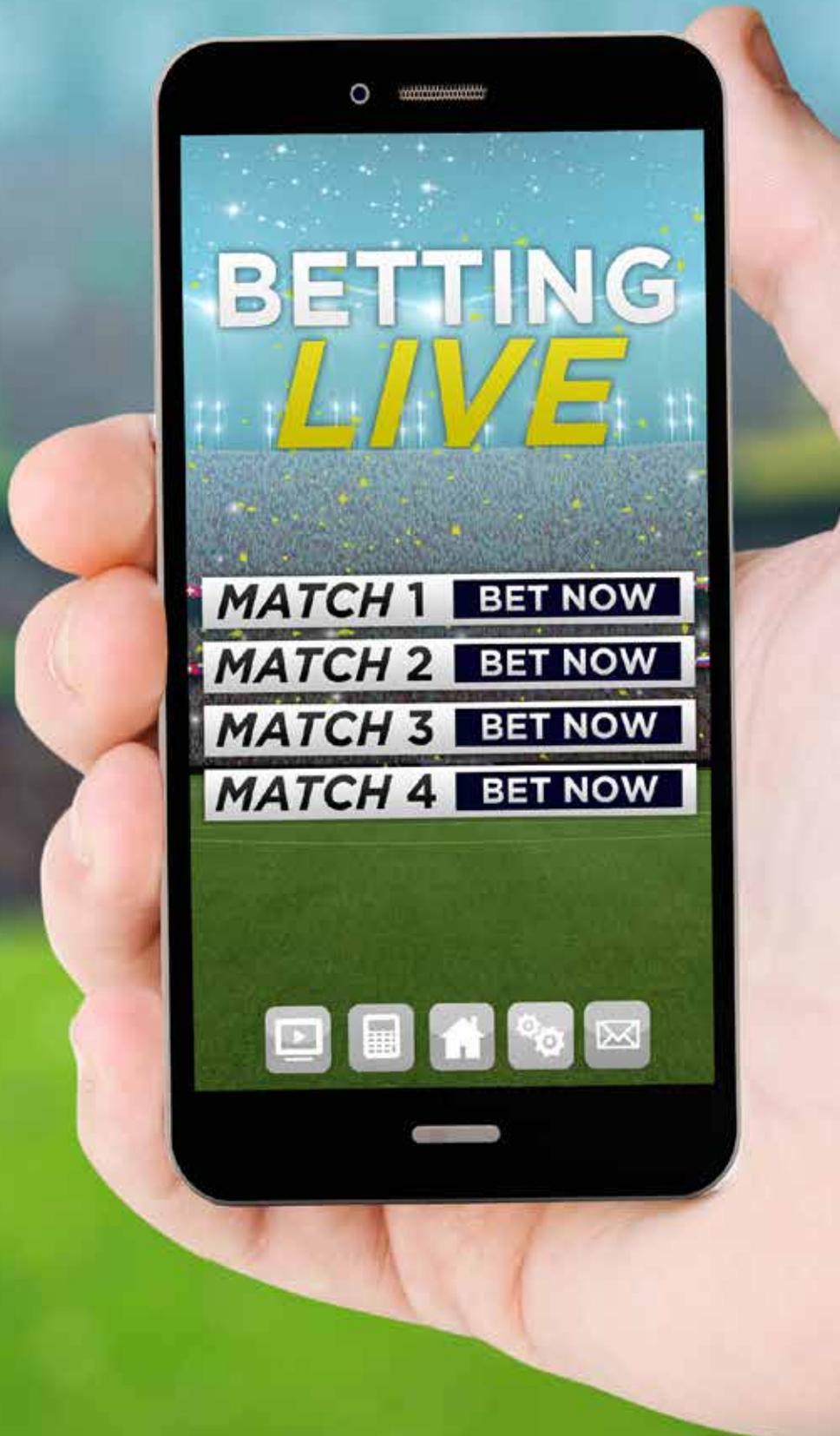


Note: Premier League includes Fantasy Premier League and ePremier League  
 Note: N=336, the total % is greater than 100%, as respondents could choose more than one website/app  
 Source: KPMG in India analysis, 2019 based on survey

When asked to recall the names of fantasy sports platforms that came to the respondents' mind, 60 per cent referred to Dream11, followed by official websites of Premier League Football/English Premier League (EPL) and the Indian Premier League (IPL).



# Sports betting in India

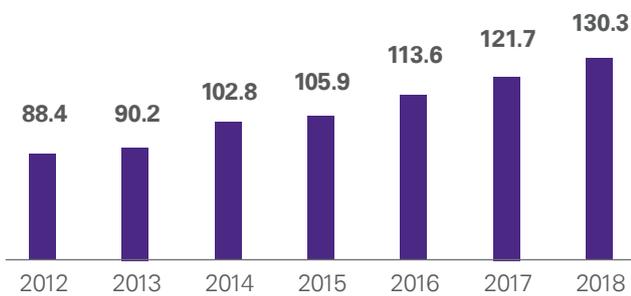




## Market size

Despite the restrictions, underground betting is still prevalent in the country. Statista Research has estimated the size of the Indian betting market at ~ USD130 billion in 2018, up from ~ USD88 billion in 2012, growing at a CAGR of ~ 7 per cent during this period. A majority of this revenue is derived from sports betting. It is estimated that ~ USD200 million is bet on every one-day international played by the Indian cricket team.<sup>01</sup>

## Gambling revenue in India (USD Bn)



Source: Statista Research

## Sports betting – What makes it undesirable?

Given that betting in India is largely illegal, the sports betting market is unregulated and run by underground bookies, indicating a potential huge revenue loss which could be earned by taxing these earnings. There could also be other negative impacts of betting such as unregulated flow of money from undisclosed sources, corruption in sports, as well as the impact on bettors, such as loss of productivity, financial losses (including bankruptcy and forced home sales), and psychological impacts which may lead to or compound social evils such as excessive smoking and drinking. These have been discussed below:

### Unregulated flow of money

Given the unregulated nature of the betting market, tracking the sources from where money is bet is a challenge, often leading to money being invested through unwanted sources. The presence of these often unverified sources of funds is likely to lead to the creation of a parallel black market.

### Revenue loss for the government

Unregulated betting represents a huge revenue loss for the government since the absence of any regulation means that illegal betting revenue is currently not taxable. Taxing these earnings represents a potentially large revenue opportunity for the government. This is also likely to help curb the black market of betting, which is purportedly controlled by underground bookies.

### Corruption in sports

Unregulated sports betting and the presence of unwanted elements (middlemen and facilitators such as bookies) could lead to instances of corruption in sports, with incidents of match and spot fixing in sports such as cricket and football likely to be executed through the above mentioned middlemen.

### Loss in productivity of bettors

In cases where betting becomes addictive, there could be certain psychological impacts on bettors which may interfere with their day to day lives. This could result in unwanted situations such as loss in productivity at work, with the mind being pre-occupied with betting related thoughts.

### Financial losses for bettors

Unrestricted betting could have serious negative financial implications for bettors. In cases where bettors gamble beyond their means, heavy losses may lead to situations of financial distress and possible situations such as bankruptcy or unwanted sale / mortgage of assets

These negative impacts as well as incidents of corruption in cricket have prompted a debate on the need for regulating this market in India, and in 2018, the Law Commission submitted a report titled 'Legal Framework: Gambling and Sports Betting Including in Cricket in India', which discussed the possibility of legalising betting in the country.

01. With \$200 million on every ODI match, illegal betting thrives in India, Hindustan Times, January 2016; accessed on 28 January, 2019

# Motivators for sports betting

Despite the unregulated nature of the sports betting market in India, its growth points to the increasing involvement of people in such activities. While monetary gains continue to be the primary factor luring people towards betting, there are several other psychological factors that play an important part, as outlined below. Personal characteristics of bettors and the type of betting activity play a role in determining why people indulge in betting. Some of the factors that act as motivators for people for betting include the following:

## Monetary factors

- In most cases money continues to be the primary factor why people indulge in betting. The perception that betting can be used to make quick and easy money is likely to often lure bettors, especially new ones
- The desire to make an overall profit or recover losses may also lead to people to continue betting even when they have incurred losses, forming a vicious circle
- In some cases, the intangible nature of the money being used, such as paying for betting through apps in countries that have legalised betting, may make people less conscious of the sum being spent, which is likely to lead people to bet beyond their means.

## Enjoyment derived from risk taking

- For certain bettors, the risk and uncertainty associated with the outcome of a bet may lead to an adrenaline rush, which could lead them towards taking bigger risks by placing higher value bets. In extreme cases, the thrill derived from betting becomes so significant that it may overpower rationality in the bettor
- People who indulge in sports betting suggest that watching sports is likely to become more exciting when they have placed a bet on the game.

## Escapism and improved social connect

- In certain social settings, betting may also be used as an escape mechanism by bettors from their daily lives. The ability to interact with people with similar interests as well as visiting casinos and arcades play a part in attracting certain people towards betting
- Several people could use betting and gambling to overcome loneliness and other emotional issues by temporarily getting distracted from such worries. Boredom is another factor that is likely to push people towards gambling.

## Glamorous appeal

- For certain people, gambling and sports betting is seen to be associated with glamour. The image of gambling can be associated with glitzy casinos and horse races attended by the affluent, as portrayed in the media. This may create an attractive image in the minds of people, motivating them to get involved in sports betting.

## Societal factors

- In certain societies, gambling is a part of the culture which may help the bettor gain acceptance amongst a larger section of the society. Countries like the U.K. and Australia allow certain forms of gambling, which has potentially led to gambling and sports betting gaining social acceptance and becoming a major industry in these countries
- In India, although there are significant restrictions on gambling and it is often looked upon as a social evil, certain traditions may encourage people to indulge in gambling. Games such as Flash or Teen Patti are widely played during Diwali, while matka betting is popular in several parts of the country.

In order to better understand the above-mentioned factors, we have derived inferences from certain reports on research conducted by agencies in Australia, where certain forms of betting are legal.

### Weighing up the odds: young men, sports and betting

This research carried out in 2018 was conducted in order to understand the sports betting market in Australia. It was carried out in the form of qualitative interviews on 25 men, and an online survey where 335 bettors and 88 non-bettors participated. Some of the key motivators behind gambling, as suggested by the report, include the following:

- **Enjoy placing a bet** – This was the most popular response with ~77% respondents selecting this option. The response was more skewed in favour of weekly/frequent bettors
- **Makes watching sport more interesting** – This was the second most popular response

with ~61% respondents selecting the option. Once again, this was more popular amongst weekly bettors

- **Enjoy the social aspect** – The third most popular choice with ~53% respondents selecting this option
- Other popular motivations included having sports knowledge, the adrenalin rush, get ahead financially, and easy access to betting.

The responses suggest a wide range of reasons why people indulge in betting, with enjoyment derived from betting and connection with the sport being the most popular.

Source: Weighing up the odds: young men, sports and betting, Victorian Responsible Gambling Foundation, 2018

### The Household, Income and Labour Dynamics in Australia Survey

This research was published in 2017, and is a nationally representative study of Australian households to determine various aspects of life in Australia, including spending habits. The report presents socio-economic factors that have a high correlation with incidences of gambling. Some of these include:

- **Education:** The report suggests that education levels and betting behaviour have a strong correlation. Higher levels of education are associated with lower chances of the person being involved with betting, and on average a more educated person would spend lesser on betting than lesser educated people
- **Health:** Although the health of a person has a lower correlation with betting, people with poor mental health have a high probability of being associated with gambling

- **Smoking and alcohol consumption:** Both smoking as well as alcohol consumption have a high correlation with betting and gambling, with smokers and heavy drinkers being more likely to gamble
- **Income and wealth:** Income levels and wealth of people also have a correlation with gambling. While income was found to be having a direct correlation, i.e. people with higher income gamble more, wealth had an inverse relationship, implying people gambling less were more likely to create wealth in the long run.

Socio-economic factors, thus, tend to heavily influence gambling behaviour of people.

Source: The Household, Income and Labour Dynamics in Australia Survey, Melbourne Institute: Applied Economic & Social Research, 2017

## The Psychology of Gambling

This research report published in 2010 explores the psyche of gamblers in order to determine the reasons why such people indulge in gambling, and the consequent impact it has on the society. Some of the key reasons highlighted include:

- **Lure of money and improved lifestyle:** The report suggests that gambling and betting provide people the opportunity to earn easy money, and thereby look to improve their lifestyle. The thought of how money would help impact their lives is what excites and drives bettors
- **Social interactions:** Gambling enables people to visit places such as casinos and clubs, where they can interact with like-minded people, boosting their self-esteem and leading

to enhanced social integration. In some cases, people use gambling to overcome boredom

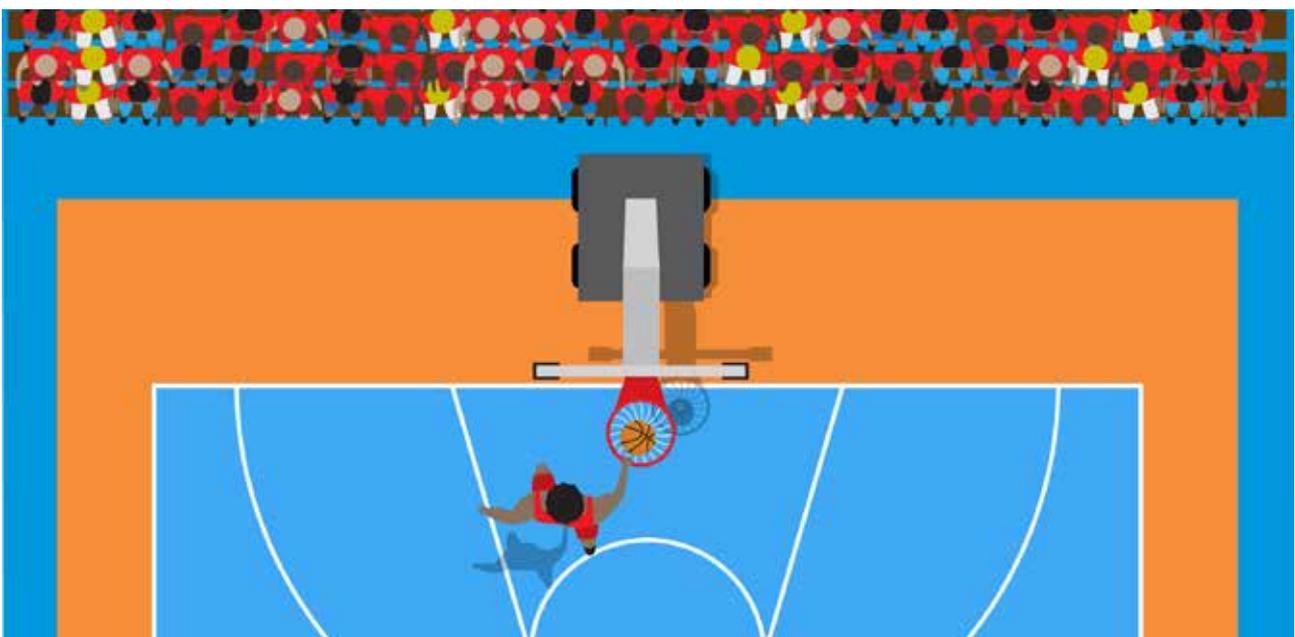
- **Dealing with emotional stress:** In certain cases, gambling may be used to help cope with problems, stress and other emotional issues. It offers people a temporary escape from worrying demands.

The study also highlights that the motivators could be different for males and females. While females are more likely to gamble due to loneliness, depression or other emotional issues, men are more driven by peer groups, financial pressures and employment related conflicts.

Source: The Psychology of Gambling; Australian Psychological Society, 2010

As is evident from the results of the consumer survey around fantasy sports, the motivators for playing a fantasy sports game and sports betting have certain overlaps such as earning money, excitement and utilising sports knowledge.

However, with the legal structure around fantasy sports and the benefits associated with it starting to be recognised, fantasy sports present a compelling and legal alternative to sports betting usage, having the potential to possibly help reduce sports betting in the long run.



# Comparison between online fantasy sports and sports betting - a consumer perspective

Our survey also aimed to understand the perceptions in the minds of the Indian consumer around fantasy sports and betting and what the underlying factors behind such an association are.

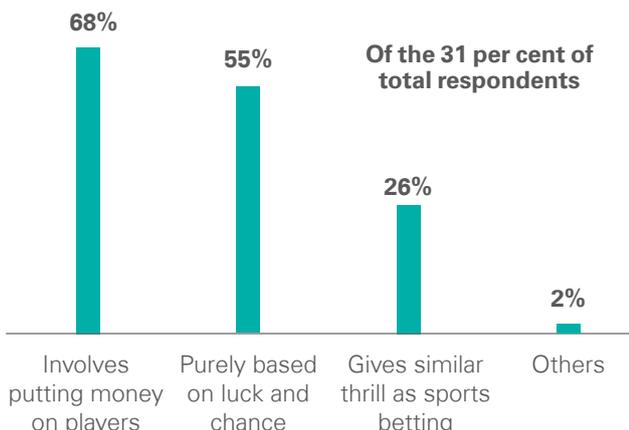
## Is it sports betting? Overall view



Source: KPMG in India analysis, 2019 based on survey

A majority, 69 per cent, of the respondents did not perceive fantasy sports to be similar to sports betting while 31 per cent of the respondents found similarities between fantasy sports and sports betting. This could point to the fact that the difference between a game of skill and a game of chance is still unclear to a large number of users. This demonstrates a gap in end user education and an aspect which fantasy sport companies should consider order to help spread the right message around the legality of the genre, as well as potentially to increase end user engagement on their platforms.

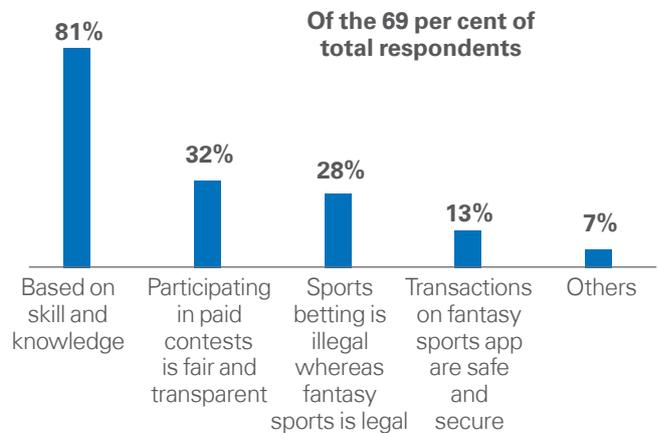
## Reasons for associating fantasy sports with sports betting



Source: KPMG in India analysis, 2019 based on survey

Nearly 68 per cent of the 31 per cent respondents who responded to fantasy sports and sports betting being similar, believe that the involvement of money in the game is the primary reason for them doing so. 55 per cent of the above 31 per cent respondents who believe that fantasy games are 'Purely based on luck and chance', points to the lack of awareness about the fantasy sports format in India. Twenty six per cent of the above 31 per cent respondents said that fantasy games give them a 'Similar thrill as sports betting'. This is an important factor, since it suggests that fantasy sports can position itself as an important and legal alternative to sports betting in the future.

## Reasons for NOT associating fantasy sports with sports betting



Source: KPMG in India analysis, 2019 based on survey

A significant 81 per cent of the 69 per cent respondents who do not find fantasy sports and sports betting to be similar, believe that the significant amount of 'Skill and knowledge' that goes into selection of players for the game plays a crucial role in attaining the optimal outcome. Reasons around the fairness and legality of fantasy sports, and secure nature of transactions were chosen by a low number of respondents, pointing to further awareness and education required to familiarise people regarding these core aspects of fantasy sports.

# Fantasy sports and sports betting – a comparison

Online fantasy sports games, with their gameplay that allows people to play paid games, provide an opportunity for people to indulge in monetary transactions using their knowledge of sports, in a safe, legal and regulated environment, unlike sports betting.

Aspect	Fantasy Sports	Sports Betting
Dealing with monetary transactions	Transparent and secure, only digital transactions are allowed	Unregulated with no legal records of transactions, potential of black money dealings
Transaction sizes	Small, regulated and verifiable. Average Transaction Sizes (ATS) range at INR25-40	Large outlays of cash, unregulated in nature
Monetary benefits to state	Corporate tax, Income Tax, TDS & GST earnings to the exchequer	No earnings to the exchequer
Playing environment for the users	Age restricted (18+ only) and Government of India (GOI) approved proof required to claim wins	Operating in the grey market with no restrictions
User interests	User interests protected with checks and balances in place	No protection for bettor interests
Corruption in Sports	The outcome of a match or a singular event, independently, has no impact on winnings/losing in fantasy sports, thus it does not lead to match or spot fixing	The outcome of a match or a singular event impacts the sports bet directly, which could foster match & spot fixing
Legality	Dream11's format of fantasy sports approved by the Punjab & Haryana High Court and later validated by the Supreme Court of India	Considered illegal in India

Some of such aspects that differentiate fantasy sports from sports betting are outlined below:

## Transparency in dealings

- Fantasy sports platforms offer complete transparency to customers in their monetary transactions. All transactions happen through safe and verified payment gateways, which allows greater comfort to users. This is in contrast to placing bets on sports, which is unregulated with no legal record of the cash-based transactions, leading to potential instance of black money dealings
- The game format allows users to view the teams created by other users after the match begins. Moreover, the amount of money that can be won by different rank holders in a contest is also mentioned in the beginning. This ensures a transparent playing environment and prevents any discord.

## Transaction sizes

- The transaction sizes in fantasy sports are relatively small, with industry discussions pointing to a size of an average size INR25-40<sup>02</sup>. These small sized transactions are carried out only through electronic means, with complete and verifiable records available to the stakeholders in the value chain
- This is in stark contrast to sports betting, which involves a huge outlay of funds for every match and thus has the potential to foster a black money economy.

<sup>02</sup>. Based on industry discussions

### Monetary benefits to the state

- One of the key drawbacks of sports betting is the huge revenue loss, which could be earned by taxing the earnings generated through betting. Fantasy sports help in solving this problem by taxing the earnings of the players, thereby providing a potentially significant revenue stream to the government. Fantasy sports platforms charge a 31.2 per cent tax on earnings of players in excess of INR10,000<sup>03</sup>. Further, fantasy sports platforms also contribute to the GST revenue as online skill games are subjected to a tax rate of 18 per cent of operator gross revenue after deducting the prize pool.

### Regulated environment

- Fantasy sports platforms require users to provide their personal information such as PAN card and bank account details as well as an address proof, before they can withdraw their earnings. This provides a method of tracking the flow/source of money, unlike in betting which operates in the unregulated grey market
- There are age restrictions on users to play on fantasy sports platforms. Most of these platforms do not allow minors to access their games, thereby ensuring that only users of legal age participate in these games
- The above factors help ensure that anti-social elements are kept out to a large extent from such platforms, unlike in sports betting.

### Helps address motivations for betting

- Some of the key reasons why people indulge in betting are the monetary gains derived as well as the high that people get from competing and winning by making use of their knowledge of sports. Fantasy sports offer the same benefits to their players by allowing them to win monetary rewards, and users can get the same high as betting by using their knowledge about their favourite sport and competing with like-minded people
- These fantasy sport platforms ensure that their users are aware of their accrued profits / losses by notifying them when their accrued losses exceed INR25,000. This ensures that the players are aware of their financial standing and enables them to make an informed choice.

### Safeguard player interests

- Fantasy sport platforms ensure that the interests of its players are protected. New players can start playing in free games or practice sessions before putting money on paid versions, can access player forums where different users discuss their thoughts about the game, and even have access to tips offered by different websites for picking the right players
- A regulated environment ensures that players have the option of approaching a known entity in case of any dispute. Such an option is unavailable in case of unregulated sports betting, where there is no legal route available for dispute settlement
- Fantasy sport platforms also prohibit their own employees from competing in such games, to ensure a level playing field to their users. Users found to be using automated computer models or bots are also disqualified from competing.

### Sports corruption

- Sports betting has the potential to increasingly foster the unwanted evil of corruption in sports, through match and spot fixing in various games
- However, unlike sports betting, it is virtually impossible for fantasy sports to be impacted by, and hence foster, match and spot fixing owing to the nature of game design by the fantasy sports operators. With a deadline to submit teams and the ability to view all other teams by every user, there can be potentially millions of player combinations for every match, which makes it virtually impossible to fix outcomes of either a complete match or instances in any match.

With increasing digital penetration in India, a favourable demographic spread and increasing investor interest in fantasy sports, this segment of online sports is set to see rapid and continued growth in the near term. Coupled with the differences between fantasy sports and sports betting as outlined above, this segment provides an option to sports fans to engage with their favourite sports in a legal and safe environment, at the same time benefiting the Government exchequer with corporate tax and GST earnings and having the potential to reduce sports betting.

In addition, while fantasy sports cannot eradicate sports betting, it can help address the motivations around betting in a legal and regulated environment. It is important to educate the consumers on these nuances of fantasy sports, so that these consumers can make informed decisions in the future.

<sup>03</sup>. Dream11 website; accessed on 15 February, 2019



# The e-sports market in India

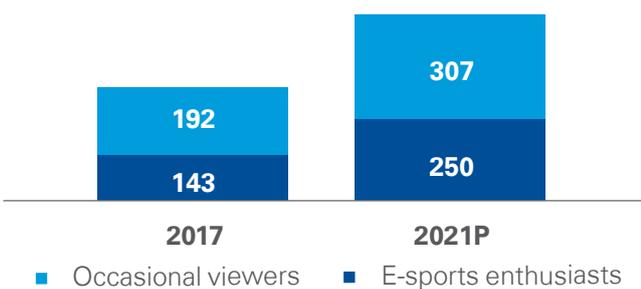


# Introduction to e-sports

Another aspect of online gaming which has seen growth over the last couple of years is competitive gaming/e-sports. Electronic sports, also called e-sports, are organised gaming competitions wherein players compete individually or as a team in a competitive gaming environment with the goal to win the tournament. This organised competitive gaming tournament among professional players can also be viewed live in an arena, over television or internet with live commentary or online through gaming broadcasters. Some of the prominent e-sports companies in India include Nazara Technologies, JetSynthesys and Nodwin gaming. E-sports as a segment has grown rapidly in India over the past few years. This growth has led to an increased interest in users to become professional players so as to compete in tournaments and to consider e-sports as a viable career option.

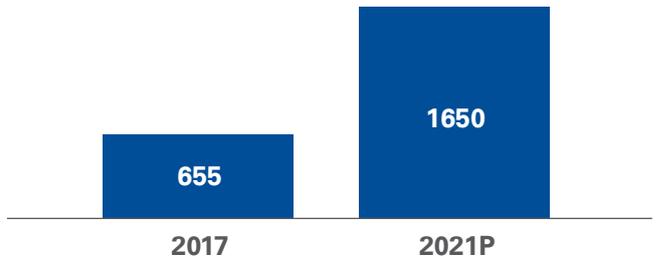
Globally, e-sports is a flourishing market with the global e-sports audience expected to grow at a CAGR of 13.6 per cent over 2017-2021, reaching 250 million e-sports enthusiasts globally. On the revenue front, the global e-sports market is expected to grow at a CAGR of 26 per cent over 2017-2021, reaching a size of USD1.65 billion.<sup>01</sup>

## Global: e-sports audience growth (Mn)



Source: Global e-sports market report 2018, Newzoo

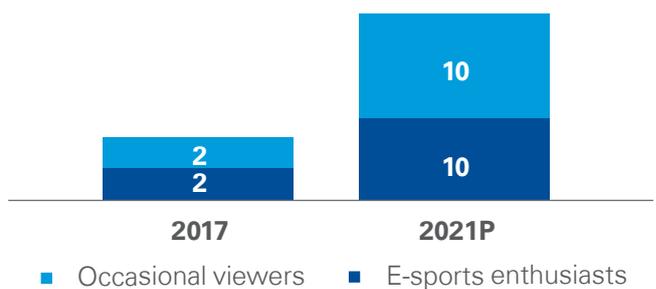
## Global: e-sports revenue growth (USD Mn)



Source: Global e-sports market report 2018, Newzoo

India's e-sports market is currently at a nascent stage. However, the number of occasional viewers and e-sports enthusiasts is expected to grow more than five-fold by 2021.<sup>02</sup> An increasing interest in e-sports and expected increase in audience are likely to result in a surge in revenue from avenues such as advertisements, merchandise and ticketing. Also, the ability to monetise e-sports tournaments through media and broadcasting rights is likely to gain traction in the years to come.

## India: e-sports audience growth (Mn)



Source: 2019: The rise of esports in India, PC Quest, January 2019; accessed on 6 February 2019

01. Global e-sports market report 2018, Newzoo

02. 2019: The rise of esports in India, PC Quest, January 2019; accessed on 6 February 2019

# Growth drivers of e-sports in India

## Rapid growth in digital infrastructure

Low cost data services and the availability of affordable smartphones have helped increase the internet penetration (43 percent as on September 2018) and also resulted in large scale smartphone adoption in the country, giving a fillip to e-sports consumption.

## Favourable demographics and rising disposable income

India enjoys a favourable demographic for the overall growth of online gaming due to its young median age (27.9 years in 2019), resulting in a rapid adoption of e-sports as well.<sup>03</sup> Also, nearly 61 per cent of India's population is expected to be under the age of 35 in 2021<sup>04</sup>. This relatively young population with increasing disposable incomes and access to digital infrastructure are expected to be early adopters of digital/online gaming in the country.

## Increase in interest of international e-sports organisations in India

With growing interest among Indian gamers, some of the prominent e-sports companies have started

organising e-sports tournaments in India in the last few years. These events, such as 'ESL India Premiership 2018', 'COBX Masters 2018', 'UCypher' etc. have helped change the course of the Indian e-sports scene majorly considering the scale and prize money involved. Also, e-sports were featured as a demonstration sport in 2018 Asian Games.

## Growth in investments

With an increase in demand for competitive games, gaming companies are making substantial investments towards developing the e-sports ecosystem in India. For example, Nazara Technologies plans to invest USD20 million to develop e-sports in India over a period of five years,<sup>05</sup> whereas COBX Gaming announced an investment of USD10 million in the Indian e-sports market.<sup>06</sup>

## Viable career option

The rising adoption of e-sports has created an ecosystem of opportunities across the value chain, resulting in e-sports being a viable career option for people associated with the segment.

# Challenges facing e-sports in India

Despite the growth of e-sports in India, it is facing headwinds which need to be addressed to ensure that this segment is able to continue on its growth path. Some of the key challenges are outlined below:

## Geographical expansion

E-sports tournaments currently are specialised and happen only at a national level rather than locally as tournament organisers struggle to find support from both local sponsors and sports associations. For the sport to truly gain traction, adoption at local/regional levels would be paramount in the future.

## Monetisation challenges

One of the major monetisation challenges is the current structure around local and global media

rights for e-sports that limit the entry of competitive gaming into traditional media and the amount of money potentially connected to it. This contrasts with traditional sports, where the sale of broadcasting and media rights is the biggest source of revenue for most sports organisations.

## Advertiser association with e-sports

Due to prejudices against competitive gaming, many brands are still reluctant to associate themselves with e-sports. These prejudices are often related to the e-sports audience demographic and the definition of 'quality content', which varies from game to game and may not be as per audience approval.

03. United Nations World population prospects; accessed on 18 February, 2019

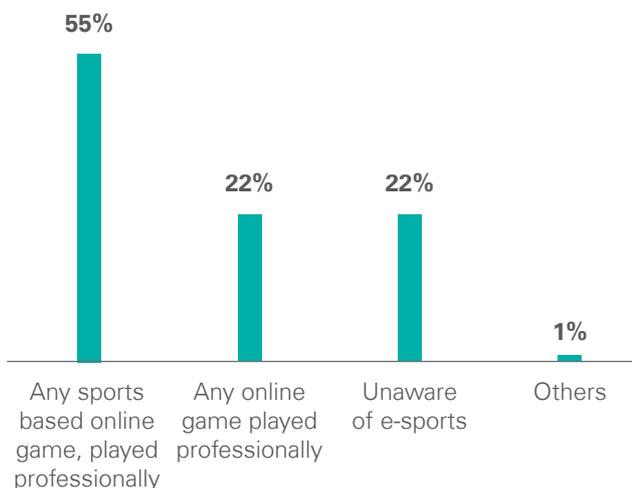
04. Population pyramids of the World from 1950 to 2100; accessed on 18 February, 2019

05. How digital gaming in India is growing up into a billion-dollar market, Forbes, March 2018; accessed on 11 February, 2019

06. Route mobile founder to invest \$10m in eSports, launch online league, Economic Times, March 2017; accessed on 8 February, 2019

### Lack of awareness about e-sports amongst the larger gaming population

The lack of awareness around the larger context and definition of e-sports amongst the wider online gaming populace remains a concern for the industry. While attempting to uncover this understanding from our dipstick survey of 336 fantasy sports users, it was found that nearly 55 per cent of the respondents had an incorrect understanding of e-sports, associating it exclusively with sports based games. A further 22 per cent of respondents were completely unaware of what e-sports constitutes. Fostering a clearer understanding of the e-sports segment would be crucial for the industry in terms of being able to harness the segment's true potential.



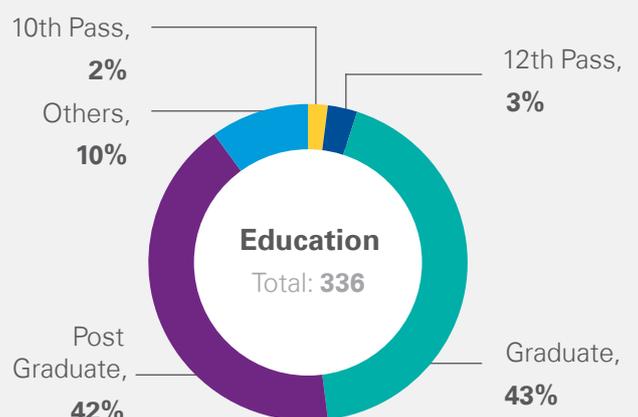
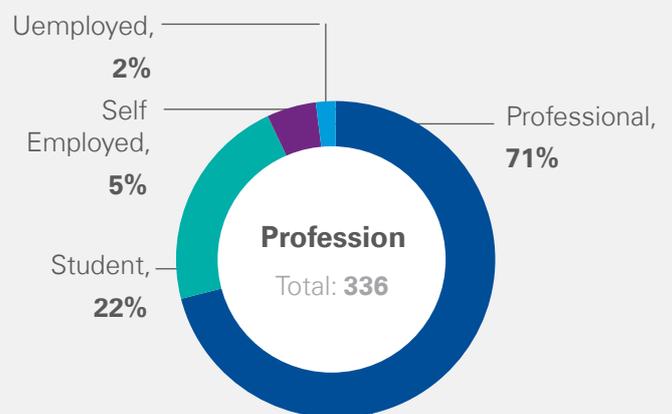
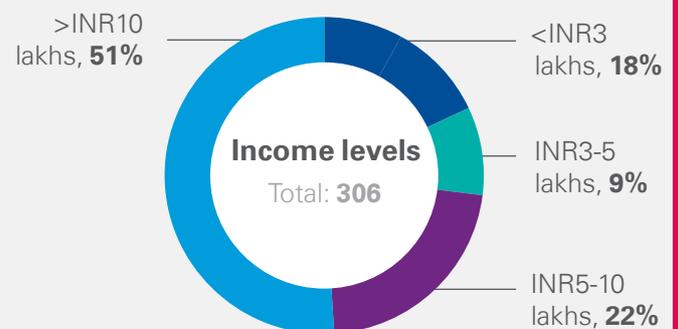
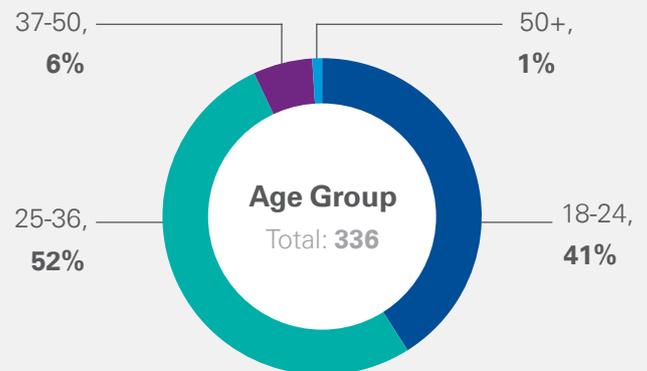
Source: KPMG in India analysis, 2019 based on survey

### Regulatory challenges

In accordance with the growth of e-sports industry in India, appropriate governance of the e-sports segment is yet to mature. Thus, it is of utmost importance that an e-sports governance system should be modelled in compliance with all the existing norms of the Sports Code and Indian Olympic Association (IOA) requirements.

With the rapid growth that e-sports and the overall online gaming space is seeing in India, it would be imperative for e-sports companies and associations to join hands and address the above challenges to ensure that the growth momentum is maintained and India as a nation can look to compete with the top global destinations for e-sports in the years to come.

### Annexure: Respondents demographics



# Acknowledgements

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# About KPMG in India

KPMG in India, a professional services firm, is the Indian member firm affiliated with KPMG International and was established in September 1993. Our professionals leverage the global network of firms, providing detailed knowledge of local laws, regulations, markets and competition. KPMG has offices across India in Ahmedabad, Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Jaipur, Kochi, Kolkata, Mumbai, Noida, Pune, Vadodara and Vijayawada.

KPMG in India offers services to national and international clients in India across sectors. We strive to provide rapid, performance-based, industry-focussed and technology-enabled services, which reflect a shared knowledge of global and local industries and our experience of the Indian business environment.



# About IFSG

Formed in 2017, Indian Federation Of Sports Gaming (IFSG) is India's first and only Sports Gaming self-regulatory industry body formed to protect consumer interest and create standardised best practices in the Sports Gaming industry. The Sports Gaming industry comprises of companies that operate online sports-based Games of Skill (which may include e-sports, Fantasy Sports and casual sports games). IFSG aims to create a thriving ecosystem for users & operators by laying guidelines for a common set of practices, setting standards of operation and creating a regulatory framework to protect the user and operator interests.

IFSG works with key industry stakeholders and liaisons with the Government and policymakers to create standardised best practices, set industry benchmarks with a strong governance structure, thereby protecting its consumers and operators. IFSG currently has 27 members across Fantasy Sports operators and Sports analytics firms. For now, IFSG has three committees viz, Member committee, Legal Committee, and Taxation Committee and plans to create some more through the year.

## Recent initiatives by IFSG:

- In December 2018, IFSG launched an athlete support programme called 'Stars of Tomorrow' (SOT). The programme has been created with an

aim to identify and support India's future sporting talent in diverse set non-mainstream sports such as Sailing, Squash, Tennis, Swimming and Golf. Athletes selected under the programme are offered critical support towards the fulfillment of their sporting goals. After a rigorous selection process led by GoSports Foundation, who are the 'Implementation Partner' of this initiative, 13 talented athletes have been selected to be a part of IFSG's Stars of Tomorrow programme. Dream11 Foundation, the primary contributor to this programme, has pledged Rs.3 crore to support IFSG's cause. The program was also supported by Fantain.

- Inaugurated GamePlan, India's Annual Sports Gaming Conference on 22 February 2018
- Launched a legal report "The Laws Relating to Fantasy Sports Games in India" - an SLPC initiative with contributions from NDA, CAM, Khaitan & Co. & LawNK
- Published 'Scoring Big with Sports Gaming', India's first report on the emergence, consumption patterns and growth of fantasy sports in India, in collaboration with AC Nielsen
- Appointed international legal expert and Ex-IMG consultant John Loffhagen as the President



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