

March 31, 2021

Good Afternoon Chairman Schuring and Members of the Senate Select Committee on Gaming.

My name is Jonah Blake, and I am the Chief Gaming Officer of Game Fund Partners Inc. As CGO, I primarily focus on deal sourcing, management of fund research and advisory efforts.

As an Esports industry executive and advocate, I am pleased and honored to provide your committee insight on the status of gaming and Esports relative to the State of Ohio.

In context, Esports is a subgenre of the larger video game industry. In 2020, global video gaming market revenues were estimated to be \$179.7 Billion. We expect video game market revenues to reach \$250 billion by 2025 and \$300 Billion by 2028. Esports industry/media revenues, separate from Esports betting revenues, were estimated at \$1.1 Billion and are expected to reach \$1.8 Billion by 2022. Esports Betting revenue is estimated to be \$14 Billion or more by the end of 2021.

Esports can be best described as the ability to play competitively with a video game that requires skill and commitment to master. Like traditional sports, Esports athletes spend hours training daily and communicating with their respective communities, which happens both online and offline.

With respect to Esports betting, it is important to note the various structures and implementations. To simplify, there are three structures:

1. **Skill Based Bets:** This form of betting requires a player's competitive skill within a video game.

Typically called wagering, a player may enter what is called a "1 versus 1" or "tournament matches" where each player commits money to a pool. This pool is then split based on winners and losers of that wagering event. Another form of wagering can be termed "challengers" where an individual attempts to clear a video game event using personal skill. This does not require other players to initiate.

2. Real Money Bets: Similar to traditional sports, with Esports there are various ways to bet on a match. Examples include, “match winner”, “outright betting”, “over/under bets”, “odd/even bets”, “correct score bets”. There may be variation of this wagering based on the Esports title.

3. Fantasy Esports Bets: Similar to traditional fantasy sports, players can form imaginary teams or teams with player proxies based on a competitive video game. Players can place bets and compete based on statistical performance.

There are currently over 2.7 billion “gamers” globally and this number is expected to surpass 3 billion before 2025. That means over 40% of the world’s population will regularly play video games within the next several years. Esports viewership is also growing in parallel, with 2020 global viewership at 495 million. Industry data experts are anticipating global viewership to reach 646 million by 2023. We also see the Esports audience maturing as the industry rapidly expands. Seven out of ten Esports viewers are between the ages of 20 to 35 years old. More importantly, Esports viewers with household income averaged a salary above \$75,000 per year.

North America is just starting to experience the growth of Esports that other regions such as Europe, South America, and Asia have already established. We anticipate Esports will translate to tourism spend at physical events post-COVID-19. In Katowice, Poland, over 150,000 guests attend the “Intel Extreme Masters” tournament yearly. The 2020 Super Bowl had close to 65,000 guests. There is no reason that major events such as these could not take place in Ohio.

Esports also translates to new jobs. Hitmarker, a job search marketplace for Esports, released an impressive report in 2019. They found that 75% of available Esports jobs were listed as full-time positions. Based on research, they also learned that a majority of these open positions were STEM focused.

The information I have provided is important when considering the value of Esports betting in Ohio. Whether the operation is physical or digital, there is a clear demand for Esports betting globally. I believe there is an ability to capture tax dollars that can be used to support Ohio and local municipalities, as well as operate this structure in a proper legal framework. It is my opinion that Esports betting could therefore be a strong revenue generator and job creator for the State of Ohio

Legalized sports betting creates jobs that revolve around the physical operations. Additional employment also could be created for bars, restaurants, shops, etc.

However, Legalized Esports betting operations may also provide technical STEM jobs. This is because Esports betting operators may also own revolving Esports companies, such as tournament providers, software developers, Esports marketing or commercial agencies and other technical organizations.

With this view in mind, Esports betting operators can derive core revenues from gambling and also deliver important infrastructure that can lead to innovation centers. Innovation centers will also attract other technical businesses looking for skilled workers. It's important to keep in mind that Esports betting is only a subgenre of the Video Game industry that is expected to reach \$300 Billion dollars by the end of the decade.

The large exodus from California, New York and other states coupled with remote working capabilities is allowing people to rethink where they want to work and live. I expect to see Video Game industry growth continuing to be a strong driver in Ohio and the Midwest in general.

Thank you all for the kind and generous time you have provided for us and we look forward to seeing you in the

great State of Ohio. I am always available to assist or answer any further questions you may have.