tipalti

The Intersection of Gaming, Commerce, & Payments

How Gaming Companies
Manage Financial Operations

RUMBLE
GAMING   RIGHTPOINT
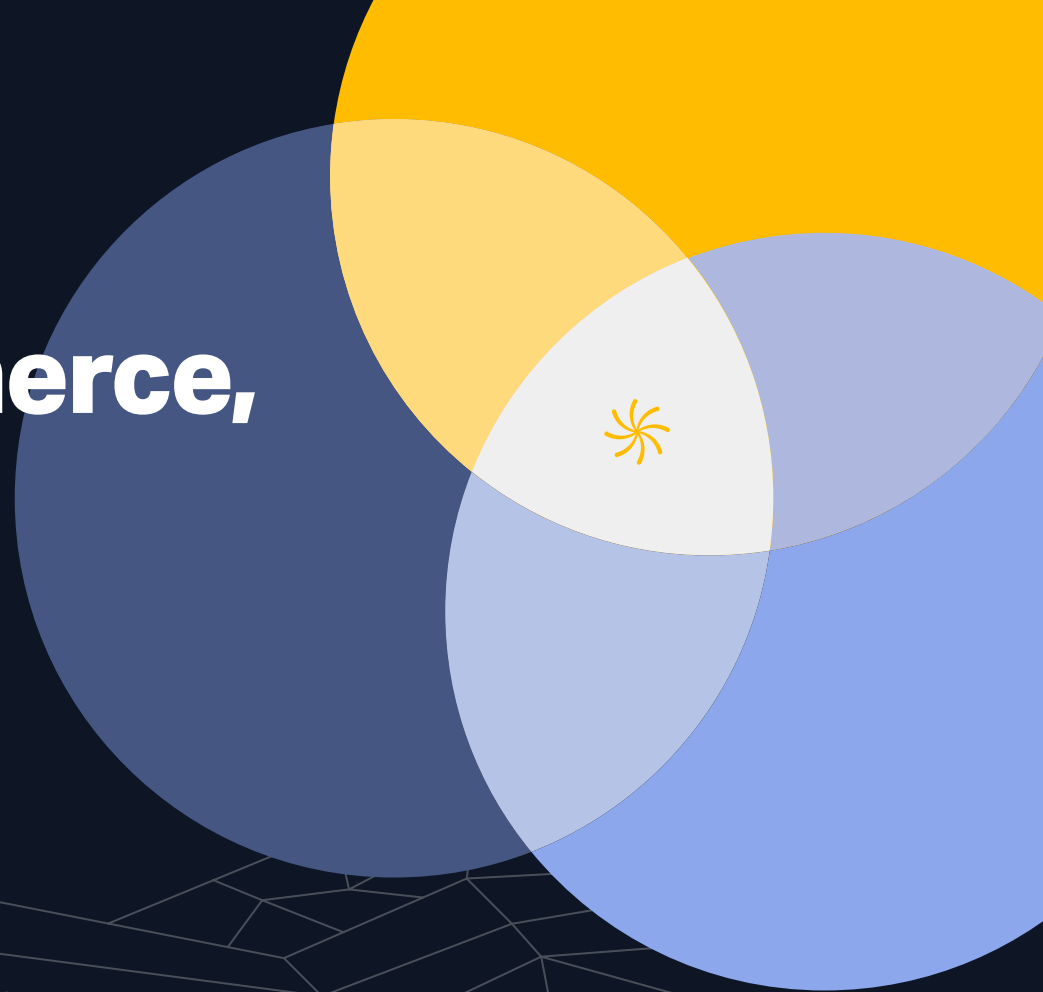
As the gaming and esports industries continue to evolve, clear winners and losers are defined by their ability to manage back-office operations. Like accounting and financial management, these functions will help ensure that your business is prepared for rapid scale. Across the world, thousands of gaming/esports businesses are popping up.
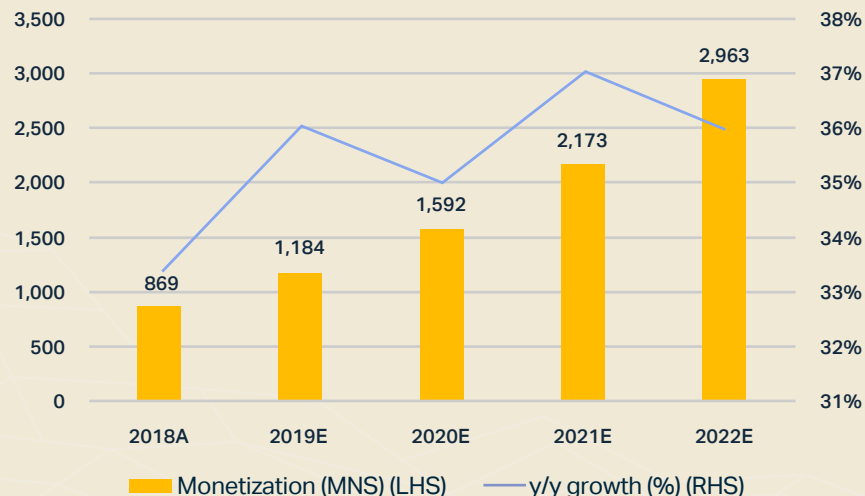
Table of Contents

At the same time, there has been a massive influx of non-gaming brands desperate to break into the industry and advertise to a growing community of gamers—a group that can otherwise be difficult to reach.

Esports is one of the fastest-growing niches within gaming. As revenues in esports grow with larger associated prize pools, more sponsorship options, and increased branding opportunities, businesses need to ensure they have systems in place to help automate managing commerce and payments. Since the gaming world is heavily reliant on partnerships, businesses need to determine how to maintain excellent partner/supplier/vendor relationships to achieve long-term success. Learn how streamlining your payables operations can give you a competitive edge as you grow your gaming/esports business.

Esports vs. Traditional Sports

Monetization in esports is growing rapidly and is forecast to hit 2.9 Bil by 2022 with media rights contributing 50% of this amount

Monetization (MNS) (LHS) — y/y growth (%) (RHS)
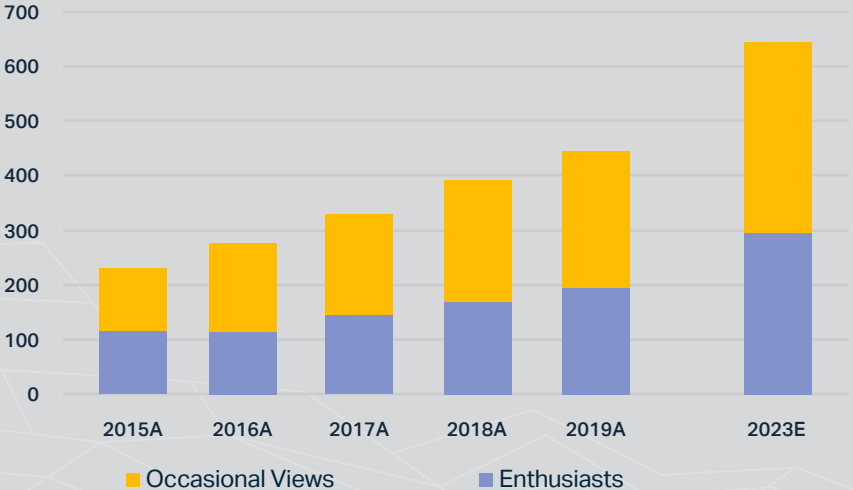
2018A: 869
2019E: 1,184
2020E: 1,592
2021E: 2,173
2022E: 2,963

Viewership is on par with traditional sports with monetization catching up quickly

Annual Viewers (MN) (LHS) — Revenue (BN) (RHS)

Esports, NFL, NBA, MLB, NHL
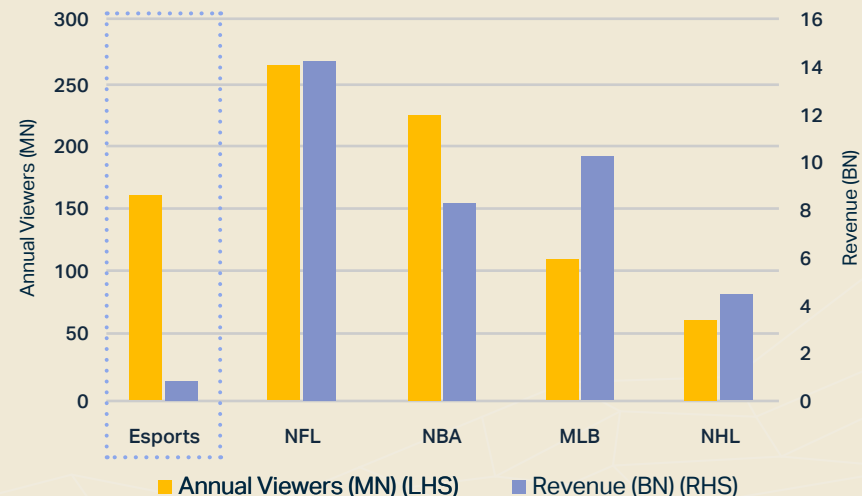
Esports Growth Trends

Global Esports Viewership (in milions)

	2015A	2016A	2017A	2018A	2019A	2023E

Legend: Occasional Views, Enthusiasts

Global Esports Revenue (in milions)

	2015A	2016A	2017A	2018A	2019A	2023E

Legend: Other Revenue, Brand Investment Revenue
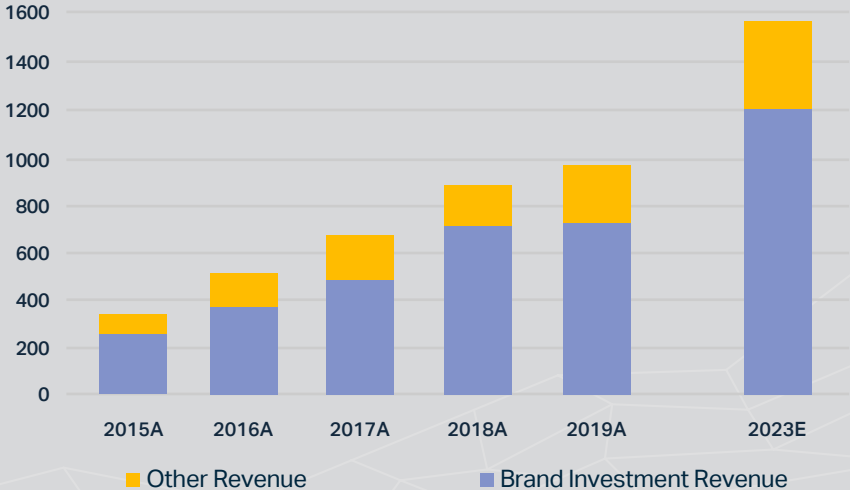
Esports Tournament & Event Basics

As of June 2020, IAPs accounted for 74%, or about $117.9B, of the global revenue for video games.[1]

- **Reducing payment errors by 66% or more with:**
  - **Crowdfunding is a significant opportunity to raise money for tournaments**
  - **Developers have begun to offer unique in-game items or IAPs (in-app purchases) to their vast player base to increase the size of the overall prize pool.**
- **Sponsorship partners are helping raise overall prize pool values**
  - **Sponsors are putting up big $$'s to contribute to tournament winnings in exchange for opportunities to advertise to the gaming community**
- **The main ways esports teams raise money include:**
  - **Sponsorships & partnerships**
  - **Fundraising with investors**
  - **Tournament/prize winnings**
  - **Merchandising & CPG (Crowdfunding)**
- **With various funnels of fundraising for prize pool money, many details can get lost in the process**
  - **Often, tournament sponsors are waiting on payments from suppliers/publishers to fund their accounts before they can pay out the winners of their tournaments—creating a cash squeeze**

Teams are global. Players want payment in their local currency. FX exchanges may be required to payout accurately.

Direct-to-Fan Relationships and Revenue

Like any fanbase, esports fans spend to support their favorite players and teams. Owning that relationship opens more revenue opportunities to esports organizations as they continue to push towards profitability and increased valuations. To maximize that relationship and the resulting revenue, organizations should focus on the following:

Merchandise and Apparel Sales

Merchandise and apparel sales today account for between 5-30% of team revenue.[2] The revenue category, including merchandise sales, is expected to see more than 1400% revenue growth between 2017 and 2023.[3]

Global Capabilities

Esports teams are global, and so are their supporters. Global fans need to be able to transact in their own currencies when purchasing physical and digital goods and services (Statista). Those goods and services need to be as available as possible to supporters, regardless of currencies and locations.

Removing Barriers to Customer Transactions

Increasing conversion is a universal must in digital commerce, and the same applies in the esports world. The easier esports organizations make purchasing merchandise, access to streams, coaching from players, tickets to VIP events, etc., the more revenue can be generated by each fan.

Owned Properties

Owned properties (such as OG esports shop) present an opportunity to connect directly with and monetize the fanbase without relying on third parties. Owning the revenue streams also means owning the customer data. Owning the data means more effective marketing, the ability to survey supporters and target those most likely to spend with higher-end offerings that increase revenue.

2: https://www.bizjournals.com/newyork/news/2021/01/15/unofficial-merchandise-eats-into-esports-teams-re.html
3: https://www.statista.com/statistics/1129579/esports-revenue-tickets-merchandise/

Make Payments Your Competitive Advantage with Tipalti

- **Secure and stabilize your payment system for tournaments and events.** Centralize all types of currency with a click of a button and run sanctions screening with **26K built-in rules** to prevent fraudulent payments
- **Seamlessly automate tournament payouts**
  - **Save money on conversion rates on how engaging their game is for Roblox Premium subscription players**
  - **Reduce time spent managing payments**
  - **Limit the risk of errors with FX conversions**
  - **Instant reporting allows for a safer and smoother payout structure**
  - **Give your partners/vendors/suppliers visibility into payments with a white-labeled supplier portal**
    - **Saves your finance team the time of entering supplier payment information**
    - **Reduces risk by allowing suppliers to enter in their own personal tax and financial information**

How Esports Companies
Win with Payables Automation

RUMBLE GAMING

Challenge #1:

Unpredictability of paying international players/sponsors/partners

Tipalti Solution: Seamlessly manage all of your payables from one centralized tool. Make payments in over **196 countries and 120 currencies**

> "Tipalti's software adapts to our unpredictable payment cycles. The transition to Tipalti was quick and seamless, and I would not hesitate to recommend the platform to any small business."

Challenge #2:

Integrating payables with other mission-critical software

Tipalti Solution: Integrate with any ERP

> "Our Quickbooks integration makes it easy for the billing team to track our accounts payable reliably."

Challenge #3:

Tracking a payment

Tipalti Solution: Tracking a payment

> "We work with hundreds of content creators and suppliers across North America, each with its own methods of payment and billing cycles. Tipalti allows us to process our payments with ease as they handle everything from invoice tracking to payment preferences."

Challenge #4:

Risk of fraud or user error

Tipalti Solution: Self-service supplier on-boarding

> "Our payees are kept up to date with the status of their payments. This automated tracking means fewer headaches and more free time for our billing team."

Preferred Payment Methods

Allow your partners to get paid how they want with 6 unique payment method options in 196 countries and 120 currencies:

PayPal

eCheck

Wire

ACH

Global ACH

Prepaid Debit Card

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Tipalti helps gaming companies handle the entire global payables process. As your business grows, it is imperative to have a global payables solution that grows with you. Without the right solution, it becomes increasingly difficult to:

- Add new gaming partners, developers, creators, streamers, etc., to your ecosystem
- Accurately manage all of your payees
- Comply with complex global OFAC regulations & prevent fraud
- Adhere to local tax requirements

Schedule a free consultation with our gaming team today.

Tipalti provides a global payables solution that powers some of the leading gaming companies in the world. Like the growing companies we support, Tipalti is continuously innovating in the payables space, which means our customers will never outgrow the solution. Tipalti's mission is to help companies reduce the time spent managing payables by 80% or more so that internal finance teams can focus on their growth objectives.

Calculating what you are currently spending on payouts per month and comparing that number with what your service provider will charge for a platform is a great way to do an initial cost/benefit analysis on whether your business should invest in a payables automation solution

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