



SPORTS TECH

2021 YEAR IN REVIEW & 2022
PREDICTIONS

NEW YORK | LONDON | PARIS | MUNICH | SAN
FRANCISCO | LOS ANGELES

JANUARY 2022



LANDMARK 2021 DEAL ACTIVITY

WITH \$20B DISCLOSED IN M&A TRANSACTIONS AND \$9B DISCLOSED FUNDRAISINGS IN 2021 YTD

M&A Activity in the Sports Tech sector has experienced sizeable growth since 2018 and landmark dealmaking in 2021 as the sector continues to show resilience through the global economic shocks of the pandemic, reaching record high transaction value (\$19.68B) and deal count (141) in 2021. The high number of undisclosed transactions mean an entirely accurate view of total deal size is difficult to ascertain. That said, it is clear the sector is beginning to mature with landmark deals such as CVC's \$2.90B acquisition of Razer. 2021 also marked an outstanding year for fundraising activity, reaching an all-time high transaction value (\$8.75B) and deal count (342). Underpinned by large fundraises such as Epic Games (\$1B), Dream11 (\$840M) and Sorare (\$680M).

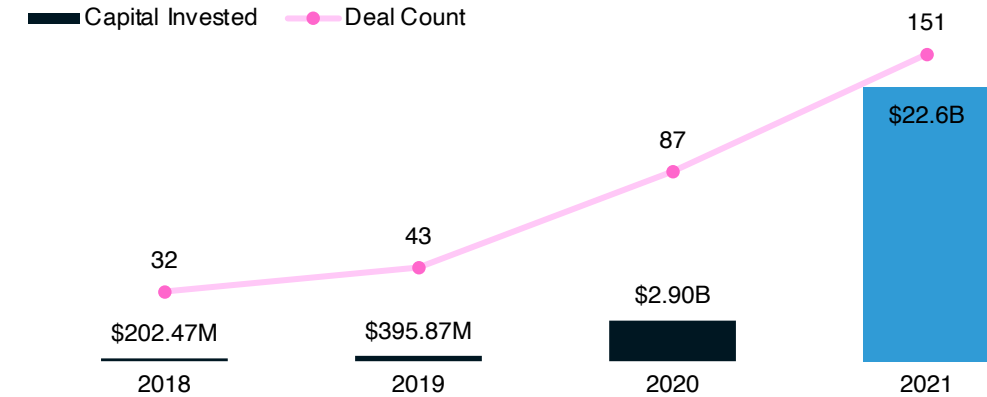
The anticipated growth in the value of media rights and sponsorship deals will drive M&A activity in the sector, and we expect esports and betting to be the highest growth subsector in terms of deal volume. Growth equity providers will increasingly fund esports and betting businesses that have proven business models and clear paths to profitability, but require capital to scale.

The year saw multiple IPOs and SPACs such as Draft kings, Genius Sports and Sports Radar. We predict this activity to continue into 2022 with established market players such as Eleven Sports, Fanatics and Deltatre – and as the Sports Tech market continues to mature more players will consider the IPO route.

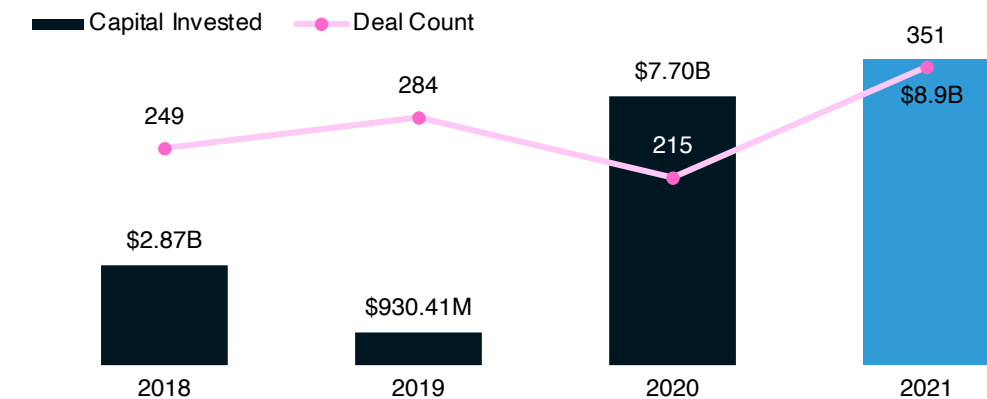
Sources: Pitchbook, Drake Star Analysis

(1) Sports Tech criteria includes; Esports, Fantasy Gaming, Wearables, Performance Enhancement, Sports Media, Sports Software

Sports Tech M&A¹



Sports Tech Funding¹



TOP 10 DISCLOSED M&A TRANSACTIONS

2021

151 DEALS FOR A TOTAL OF \$22.6BN




















COMPANY	COUNTRY	SUBSECTOR	DEAL AMOUNT	ACQUIRER	ACQUIRER COUNTRY	DATE
 MOONTON		Esports	\$4.0bn	 字节跳动		Mar-21
 playtech <small>SOURCE OF SUCCESS</small>		Sports Betting	\$3.7bn	 ARISTOCRAT		Oct-21
 RAZER		Gaming	\$2.9bn	 CVC		Nov-21
 Sisal		Gaming & Sports Betting	\$2.2bn	 Flutter		Dec-21
 theScore		Digital Media	\$2.0bn	 PENN NATIONAL GAMING, INC.		Oct-21
 GOLDEN NUGGET		Esports & Sports Betting	\$1.6bn	 DRAFT KINGS		Aug-21
 steelseries		Esports	\$1.3bn	 GN		Oct-21
 OpenBet		Sports Betting	\$1.2bn	 ENDEAVOR		Sep-21
 tombola		Online Betting	\$547m	 Flutter		Nov-21
 pnlabs		Esports	\$436m	 Zentain		Mar-21

Note: Month to month discrepancy due to Pitchbook backdating and re-categorisations

TOP 10 DISCLOSED FUNDING ROUNDS

2021

351 DEALS FOR A TOTAL OF \$8.9BN

COMPANY	SUBSECTOR	COUNTRY	DEAL AMOUNT	LEAD INVESTOR(S)	DATE
	Esports		\$1bn Later Stage VC	Sony, Park West Asset Management, KKR	Apr-21
	Fantasy Sports		\$840m Later Stage VC	Falcon Edge Capital, DST Global, D1 Capital Partners, RedBird Capital Partners, Tiger Global	Nov-21
	Fantasy Sports		\$680m Series B	Softbank	Sep-21
	Venue Software		\$500m PE Growth	Hinge Capital, Sixth Street Partners, Vista Equity Partners	Oct-21
	Fantasy Sports		\$400m Secondary	TCV, D1 Capital, Falcon Edge Capital	Mar-21
	Coaching & Preparation		\$360m Series F	Softbank Group, Vision Fund	Jan-21
	B2C Commerce		\$337m PE Growth	Softbank Group, Vision Fund	Aug-21
	B2C Commerce		\$320m PE Growth	MLB Advanced Media, Silver Lake Management, Thrive Capital	Mar-21
	Fan Engagement		\$305m Later Stage VC	Coatue Management	Mar-21
FUTURE	Athlete Performance		\$300m Series B	All-Stars Investments	Apr-21

Note: Month to month discrepancy due to Pitchbook backdating and re-categorisations

RAPID GROWTH

#1 AN INCREASINGLY 'CONNECTED' FAN

THE FAN ECOSYSTEM CONTINUES TO DEMAND A PERSONALISED OMNICHANNEL EXPERIENCE

TREND OVERVIEW

Historically, as there was no national broadcasting to catch up on games, sport teams started by only having a local fanbase and would only rely on newspapers and the radio. Now, due to the evolution in internet, smartphones and social media, fans are hyper-digitalised, globalised and fully 'connected'. The fan ecosystem demands an omni-channel experience to fulfil their need for a more personalised experience. This has created the opportunity for industry players to increase the monetisation throughout the fan's life cycle.

Sources: Pitchbook, Drake Star Analysis
(1) Sports Tech criteria includes; Esports, Fantasy Gaming, Wearables, Performance Enhancement, Sports Media, Sports Software

THE DRAKE VIEW | 2021 PREDICTION

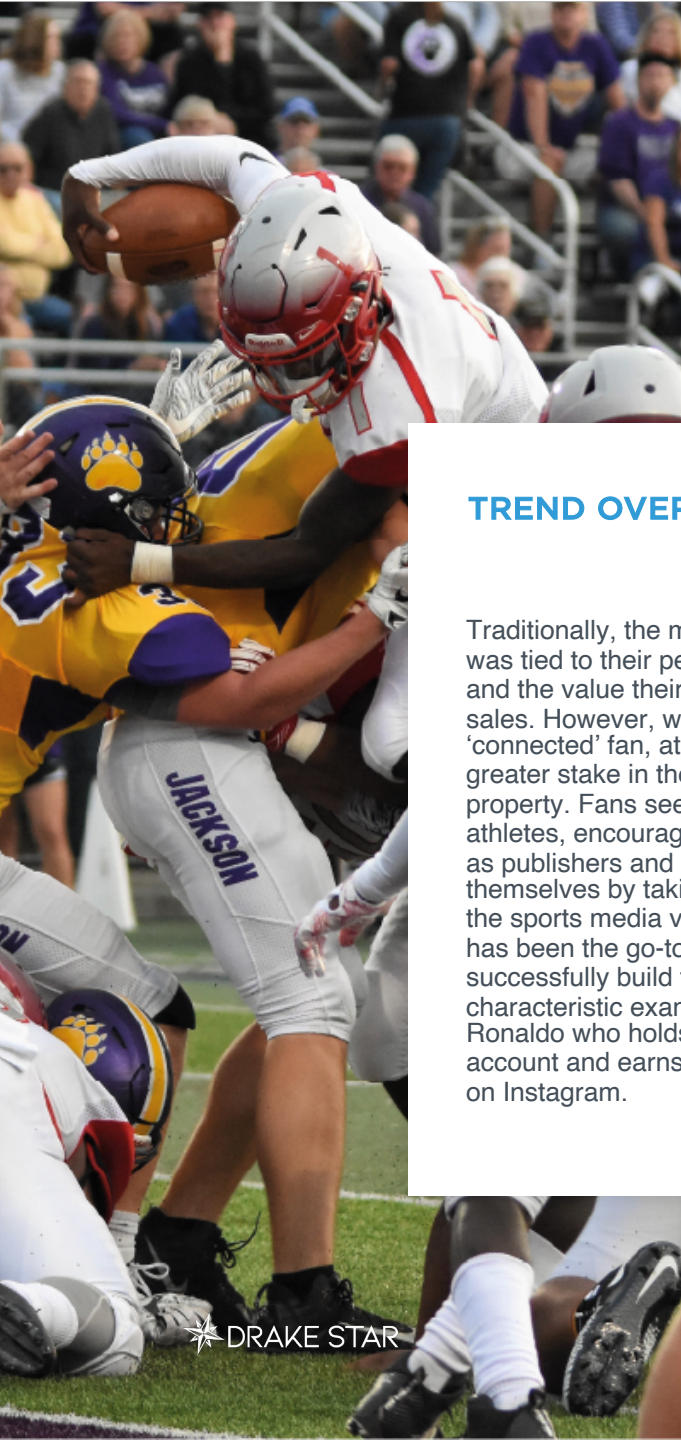
We expect content providers to expand their service offerings and enable fans to feel closer to the action, such as behind-the-scene clips and interviews, that are in both short and long-form and are always-on. As keeping up with the global 'connected' fan not only requires new technologies and distribution models but also new forms of content, delivered at the right time and in the right format. Social media will serve as an OTT platform and a key enabler to attract and retain supporters. Social media platforms have allowed amplified communication between clubs and their fans, and we expect that they will continue to rapidly grow as the fundamental medium for the broader sports industry to connect and engage with supporters globally.

Drake Star Securities LLC is regulated by [FINRA](#) and is a member of [SIPC](#). All securities in the UK, are transacted through Drake Star UK Limited (FRN 942020) an appointed representative of Kession Capital Ltd (FRN 582160) which is authorised and regulated by the [Financial Conduct Authority](#).

THE DRAKE VIEW | 2022 PREDICTION

As expected, 2021 has seen the emergence of broadcasters and OTT platforms bringing new forms of content to enable fans to feel closer to the action with examples like Amazon's 'All or Nothing' series as well as 'Drive to Survive' by Netflix. Looking ahead, we expect the need to sustain viewership and enhance fan engagement to drive activity in the Sports Tech space, as content providers look to adjust the requirements of the connected fan and monetise accordingly. Our 2021 predictions will only be enhanced in the era of COVID, lockdowns and isolation.





RAPID GROWTH

#2 ATHLETES AS PUBLISHERS & MEDIA BRANDS

FANS SEEK A DIRECT DIALOGUE WITH ATHLETES AND TEAMS NOW MORE THAN EVER

TREND OVERVIEW

Traditionally, the marketability of a player was tied to their performance on the sport and the value their name gave to ticket sales. However, with the rise in the 'connected' fan, athletes have a much greater stake in their own intellectual property. Fans seek a direct dialogue with athletes, encouraging them to adopt a role as publishers and media brands themselves by taking active ownership of the sports media value chain. Social media has been the go-to platform for athletes to successfully build their brand with the most characteristic example being Cristiano Ronaldo who holds the most followed account and earns more than \$40M/year on Instagram.

THE DRAKE VIEW | 2021 PREDICTION

We expect the sports media publishing landscape to be turned on its head, as we rapidly enter a new era of the 'influencer athlete' and their power to enhance fan engagement and ultimately deepening fan loyalty. As such, platforms will partner directly with athletes and teams, handling and informing all matters related to social and digital media.

We expected disruption to continue from the emergence of new players driven by new technologies and their ability to provide further opportunities for monetisation.

THE DRAKE VIEW | 2022 PREDICTION

In the midst of COVID, with the world of sport on pause, personal relationships with fans were more important than ever. As expected, digital content platforms that enable players and teams to post content giving fans constant insight and growing their loyalty, have disrupted the traditional social media landscape. Driving M&A activity in the space, such as Onefootball's acquisition of DugOut.

Looking ahead, we expect "ATGC" (Athletes and Teams Generated Content) to continue gaining importance, driving the emergence of agencies helping leagues and teams in their dialogues with fans. Driven by the challenges that arise when leveraging an omni-channel approach with consistent messaging. Furthermore, we expect competition and overlapping business models to drive a degree of consolidation, both within the space and between other platforms (e.g. with pureplay OTT providers).

Source: Global Web Index, Mordor Intelligence, Drake Star Sports Technology Report 2020

Drake Star Securities LLC is regulated by [FINRA](#) and is a member of [SIPC](#). All securities in the UK, are transacted through Drake Star UK Limited (FRN 942020) an appointed representative of Kession Capital Ltd (FRN 582160) which is authorised and regulated by the [Financial Conduct Authority](#).

www.drakestar.com

6

RAPID GROWTH

#3 THE RISE OF OTT

SHIFTS IN CONSUMPTION INCREASINGLY UNDERPIN THE GROWTH OF OTT IN THE SPORTS INDUSTRY

TREND OVERVIEW

In the past, under the traditional media rights model fans were at the mercy of broadcasters. Now, OTT platforms provide viewers with a more user-friendly, content rich sports streaming solution, by offering highly tailored digital content, diversified across different formats and using more flexible pricing mechanisms.

THE DRAKE VIEW | 2021 PREDICTION

With most tech giants well positioned in the OTT space, we expected that they would drive fierce competition for sports media rights as they gain a wider audience with a more customer focused model.

OTTs, compared to TV broadcasting, can capture accurate fan data, in real-time, enabling rights holders to gain a deeper understanding of increasingly complex audiences. We expected opportunities for further value creation to drive activity in the Sports Tech space, largely through content segregation, expansion beyond live offerings to maximise the lifetime value of live events and build that all-important 'fan equity'.

THE DRAKE VIEW | 2022 PREDICTION

As tech giants and traditional broadcasters are under increasing pressure to drive growth and live sports remains one of the best customer acquisition strategies, we predict they will continue to expand into the OTT space.

Already, Amazon finalised a \$100bn deal for exclusive rights to "Thursday Night Football" beginning in 2022 while Apple is allegedly in talks with the NFL for the "Sunday Night Football" exclusive rights to be part of AppleTV+. We predict Netflix is soon to follow, having revealed that management views its biggest threat to be esports game Fortnite (mainly watched OTT), rather than HBO.

The growth of OTT is subsequently driving a new market for cloud-powered content distribution tools such as video clipping, to post real-time content on social media. We expect OTT and the 'connected' fan to drive a continuation of innovation and deal activity around Sports Tech digital media.

Looking ahead, this new era of competition will likely drive up the value of sports media rights, however, in the long-run we expect that the extent to which media rights will increase in value is largely dependent on the ability of these platforms to monetise users and their ability to distribute scale.

Source: Drake Star Sports Technology Report 2020



RAPID GROWTH

#4 DATA & ANALYTICS BECOME INDISPENSABLE AND SPARKS PIVOTAL GROWTH FOR THE SPORTS TECH ECOSYSTEM

TREND OVERVIEW

With emergence of advanced computing capabilities such as cloud-based software, big data applications and AI, leagues, teams, broadcasters and sponsors are utilising data to enhance decision-making, performance and ultimately profitability. The application of data & analytics is most disruptive in three areas: Fan Engagement, Team & Athlete Performance and Sponsorship & Advertising.

Source: Global Web Index, Mordor Intelligence, Drake Star Sports Technology Report 2020

THE DRAKE VIEW | 2021 PREDICTION

We expected Data & Analytics to propel fan engagement across the entire sports ecosystem by enabling more bespoke and informative content delivered through an abundance of touchpoints directly feeding from the end fan.

As Data & Analytics fundamentally underpin the performance of teams and athletes, both on and off the field at the professional level, we predicted that as AI and other machine learning technologies further develop, businesses and business models will emerge to address growing demands for more insights. Coaching staff can maximise individual athlete preparation, performance and recovery, as well as manage, recruit and train teams in a manner that leaves biology and statistics with little left to offer. In terms of broader business management, embracing data has become a basic requirement to any club seeking to operate proficiently or grow at scale.

A significant gap existed between what brands needed to reach their target audience effectively and quantifiably, and what digital assets rights-holders offered in sponsorship packages. Brands are no longer interested in solely raising profiles, but seek to create deeper engagements with fans, largely through the application of Data & Analytics. As a result, we are seeing the evolution of sports sponsorships into "Partnerships". The provision of data is driving this evolution and will continue to propel developments in Sponsorships & Advertising across the wider Sports Tech industry going forward.

Drake Star Securities LLC is regulated by [FINRA](#) and is a member of [SIPC](#). All securities in the UK, are transacted through Drake Star UK Limited (FRN 942020) an appointed representative of Kession Capital Ltd (FRN 582160) which is authorised and regulated by the [Financial Conduct Authority](#).

THE DRAKE VIEW | 2022 PREDICTION

As expected, 2021 has seen the emergence of broadcasters and OTT platforms bringing new forms of content to enable fans to feel closer to the action with examples like Amazons' "All or Nothing" series as well as "Drive to Survive" by Netflix.

Looking ahead, we expect the need to sustain viewership and enhance fan engagement to drive activity in the Sports Tech space, as content providers look to adjust the requirements of the connected fan and monetise accordingly. Our 2021 predictions will only be enhanced in the era of COVID, lockdowns and isolation.

RAPID GROWTH

#5 ESPORTS & FANTASY SPORT GAIN POPULARITY

WITH FURTHER ROOM FOR GROWTH AS THE MARKET REMAINS FRAGMENTED

TREND OVERVIEW

Esports is dramatically below benchmark in monetisation relative to established sports leagues, with revenue measuring in at \$6 per core fan compared with \$90 in the MLB and NHL. What is clear is that there will be two tailwinds driving revenue growth in the space: growing monetisation per viewer and a growing global viewership base, as the sport increasingly hits mainstream viewership and attracts the hefty budgets of flagship broadcasters and sponsors.

Source: Statista, Goldman Sachs Equity Research, Drake Star Sports Technology Report 2020

THE DRAKE VIEW | 2021 PREDICTION

The mismatch between the size of the esports industry (\$1.1bn in 2021) and its current (474m esports viewers) and potential viewership base (3.2bn gamers globally) underpins the immense growth potential in the space. Media rights & sponsorship is expected to drive the revenue growth, with media rights owners and brands increasingly entering the space given the highly attractive viewership dynamics. We expect fantasy sport to be a feature in the Sports Tech ecosystem, partnering with OTT platforms to deliver the ultimate, full-suite fan entertainment package. This is because, in a new ecosystem where loyalty is increasingly hard to establish, Fantasy Sports are valuable tools, enabling leagues and teams to have a direct dialogue and monetise their fan base. Not only does it allow leagues and teams to tap into younger generations and find new fans, but it creates a more loyal fan base, often helping to convert casual fans into more dedicated fans. Fans are also driven to watch a broader range of games within their respective fantasy sport. Since players can generally only select a couple of players from the same team when drawing their league, fans are incentivised to support more teams.

Drake Star Securities LLC is regulated by [FINRA](#) and is a member of [SIPC](#). All securities in the UK, are transacted through Drake Star UK Limited (FRN 942020) an appointed representative of Kession Capital Ltd (FRN 582160) which is authorised and regulated by the [Financial Conduct Authority](#).

THE DRAKE VIEW | 2022 PREDICTION

As esports remains a fragmented market with no clear leader in sight, large brands are investing resources in the space to gain critical scale. Red Bull invested in an esports training camp and Coca-Cola set up its own esports-dedicated Twitter channel. Sports teams, leagues and federations are also rapidly taking stock, with multiple partnerships and franchises launched in parallel to traditional sports operations. The NBA 2K League, the esports version of the traditional NBA league, has 21 teams on board. Numerous European football clubs have established FIFA esports franchises too, including Manchester City, Ajax, Sporting Lisbon and FC Schalke. Going further, this trend will accelerate in the Sports Tech space as esports becomes a core strategy for all major traditional sports franchises. As esports business models remain complicated and struggle to create a sustainable palette for profitability we believe although esports will continue to gain momentum, we will not see institutional VC or PE firms investing until the tail-end of 2022 or 2023.

SLOW GROWTH

#6 MOVING TO A HOLISTIC EXPERIENCE MODEL FROM SMART STADIUM TO SMART PLATFORM

TREND OVERVIEW

With today's sophisticated home entertainment systems and the latest stats and updates available in real-time on mobile devices, new incentives are needed to lure fans to the stadium. Stadium operators are in a squeeze play between "connected" fans expecting a more captivating experience and host cities looking for higher returns on their sports facility investments. The sports industry is shifting to a new model in which the stadium has become a technological platform as well as a commercial one.

THE DRAKE VIEW | 2021 PREDICTION

As traditional stadiums are transformed into tech-enabled, fully interactive venues that cater for the needs of a new breed of sports fans, we foresaw significant activity in the hardware, software and connectivity area. As well as the emergence of traditional tech players applying their know-how and intellectual property to the foundation of the smart platform.

We predicted the 'connected' fan to drive connectivity and infrastructure investments in the smart stadium/venue space, as fans demand in-stadium engagement for everything from on-demand instant replays to half-time food & beverage delivered directly to their seats.

With the rise of the smart stadium comes the opportunity to open it up to third parties, essentially making it a platform. In this new model, the stadium owner is not just the operator of the venue, but the architect and manager of the platform.

THE DRAKE VIEW | 2022 PREDICTION

In the era of global shutdowns where stadiums around the world were closed for several months, as well as due to the high upfront capital costs of investment, we have witnessed a slow transition to smart stadiums. Investment in smart stadiums has however regained traction as some teams try to stay ahead of the fan engagement curve, for instance Bundesliga who has invested in a 5G app to deliver real-time camera angles and replays to fans watching live matches inside their stadiums.

We expect the rollout of smart ticketing to gain traction across all major sports formats and venues, serving to complete the full smart stadium infrastructure and to solve anonymity and fraud in venues. Moreover, we believe that smart ticketing will be realised relatively quickly with the need of less physical touchpoints in venues due to COVID.

Source: SportsProMedia, Drake Star Sports Technology Report 2020



Drake Star Securities LLC is regulated by [FINRA](#) and is a member of [SIPC](#). All securities in the UK, are transacted through Drake Star UK Limited (FRN 942020) an appointed representative of Kession Capital Ltd (FRN 582160) which is authorised and regulated by the [Financial Conduct Authority](#).

NEW TREND

#7 SPORTS BETTING IS ON THE RISE

AND IS INCREASINGLY IMPORTANT FOR FAN ENGAGEMENT STRATEGIES

THE DRAKE VIEW | 2022 PREDICTION

Betting is increasingly part of fan engagement strategies as a means of gaining and growing the attention of sports viewers. According to Bloomberg, the global sports betting market size is expected to be at \$140bn in 2028 with much of the betting popularity, particularly in Europe, sparked by the advent of mobile betting.

Source: Bloomberg, PWC, Zion Market Research, ESPN



Drake Star Securities LLC is regulated by [FINRA](#) and is a member of [SIPC](#). All securities in the UK, are transacted through Drake Star UK Limited (FRN 942020) an appointed representative of Kession Capital Ltd (FRN 582160) which is authorised and regulated by the [Financial Conduct Authority](#).



SPORTS TECH MARKET MAP

2021

● B2C

● B2B

RIGHTS OWNERS



DIGITAL MEDIA PLATFORMS / CONTENT



SPORTS OTT CONTENT OWNERS



SPORTS SERVICE PROVIDERS



FAN ENGAGEMENT CONTENT PROVIDERS



FAN ENGAGEMENT SERVICE PROVIDERS



SPORTS TECH MARKET MAP

2021



B2C



B2B



PROVEN TRACK RECORD IN THE SPORTS TECH SECTOR

CONTACT THE SPORTS TECH DEAL TEAM




GREGORY BEDROSIAN
 MANAGING PARTNER & CEO | NEW YORK
 +1 203 524 5652
 gregory.bedrosian@drakestar.com
[LINKEDIN](#)



MATHILDE DESCHAMPS
 ANALYST
 mathilde.deschamps@drakestar.com
[LINKEDIN](#)




ERIC WARD
 PARTNER | LONDON
 +44 77 4005 2468
 eric.ward@drakestar.com
[LINKEDIN](#)





MICHAEL HEILWEIL
 ANALYST
 michael.heilweil@drakestar.com
[LINKEDIN](#)





MICHAEL METZGER
 PARTNER | LOS ANGELES
 +1 310 696 4011
 michael.metzger@drakestar.com
[LINKEDIN](#)





EDWARD PAGE
 ANALYST
 edward.page@drakestar.com
[LINKEDIN](#)



BLOOM
 PRIVATE PLACEMENT

 Social media analytics platform




LIGHTSTREAM
 SALE TO

 Video Game / Content Live Streaming




BLAST
 PRIVATE PLACEMENT



 Esports



CODEMASTERS
 AAA Game Developer
 HAS ACQUIRED



Onefit
 SALE TO

 Sports and Fitness Marketplace


CLEENG
 PRIVATE PLACEMENT

 Video eCommerce


PRIVATESPORTSHOP
 PRIVATE PLACEMENT

 Online Sports Retail


new moove
 SALE TO

 Online Fitness & Healthy Living


21 SPORTS GROUP
 EQUITY PRIVATE PLACEMENT
 Consortium of Select Investors
 Online Sports Retail




DRAKE STAR

BELIEVE IN INNOVATION
CHANGE THE WORLD

