

## **Is There Life After ‘League Of Legends’? Riot Bets Big On Its First New Game In 10 Years.**

The biggest pitch of his career is just 28 days away, and Riot Games cofounder Marc Merrill is going through the paces in his West Los Angeles office. Showing a company presentation that outlined the plans, he pauses to gauge the reaction of his audience (on this day a lone journalist) to a slide flashing “Riot Game” on the screen, before slowly painting in a yellow “S” to spell out “GameS.” It is both a prelude to the upcoming event’s big reveal of a brand-new Riot video game and a self-mocking nod to years of online goading about a business built on the back of one video game.

The show is in honor of the tenth anniversary of Riot’s *League of Legends*, the company’s one and only title. *League*, or *LoL* as it’s known to rabid fans, has been successful far beyond anything Merrill and his cofounder, Brandon Beck, could have imagined when they launched the game in October 2009. Every day, the game peaks at 8 million simultaneous players. Almost 100 million people streamed [last year’s World Championship finals](#), which was won by Invictus Gaming, a Chinese esports conglomerate. Over its lifetime, the game has generated \$20 billion in revenue, making Merrill and Beck rich men, having sold the company in stages to Chinese internet giant Tencent, which valued the business at \$366 million in 2011.

“There are close to 200 million fans of our intellectual property,” says Merrill, 39. “We know the capacity we have to deliver on this, and we think we’re just scratching the surface. Imagine if *Star Wars* had started as a game.”

Well, more to the point, imagine if *Star Wars* had stopped after one movie. Revenue for 2018 was \$1.7 billion, a lot for a video game but a far cry from the \$2.9 billion it generated in 2016, according to Nielsen’s SuperData. *League*’s market share is being eroded by other free-to-play games, particularly *Fortnite*, which can be played on anything from a smartphone to a PlayStation. *League* is ancient by video game standards, and it can be played only on a PC. The game remains hugely popular, says Wedbush Securities game analyst Michael Pachter, but it “has definitely plateaued.”

When the big day arrived on Tuesday and Riot hosted events for fans in 16 cities, including Moscow, São Paulo and Los Angeles, the intent was twofold: To celebrate a smash-hit decade and to prevent the next decade from smashing Riot.

Riot’s game plan is nothing if not ambitious. First, it announced a mobile version

of *League* called *Wild Rift*, as well as a version for its latest game mode called *Teamfight Tactics*. Both of those moves were expected. Less expected was a console version of the game. That'll make *League* available to a much larger global audience, but since Riot is so late to the platforms, it might have trouble attracting new players.

A digital card game based on the *LoL* universe called *Legends of Runeterra* is also in the works, as well as a long-rumored fighting game that will feature select "champions" from *League's* [cast of 146](#). Further off is another spinoff that will involve exploring *League's* fantasy world. And then there's *League of Legends Esports Manager*, which will let players assemble and oversee a pro gaming roster, starting with China's esports league next year.

And in the biggest move of the evening, Riot announced an entirely new game: a yet unnamed tactical first-person shooter game with no connection to *League*. It doesn't have a release date yet, and it's far from certain to be a hit—or even released. Making a new game universe from scratch is a risky and costly proposition. But Riot seems to sense that it's time to make some serious bets. It has committed to producing multiple seasons of an animated *LoL* television series that aims to offer backstories for two of its iconic champions. That's even riskier. Movies and TV shows based on game characters commonly flop. Still, one can't blame Riot for trying to replicate the magic and money Marvel wrought from the complex narratives around comic-book superheroes like Iron Man, Thor and Captain America.

Merrill and Beck, who is 37, started Riot in 2006, a few years after graduating from the University of Southern California's business school. Today they serve as co-chairmen of the board and focus on game development rather than management. They are gamers to the core, identifying friends not by shared connections to high schools, jobs or summer camps, but to the games they play together, including *Dota*, *StarCraft*, *Counter-Strike* and *World of Warcraft*.

With *League*, they opted to give the game away free and focus on building a community of players. It was an expensive strategy. With a heavy burn rate in the early days, they were forced to cede control to venture capitalists, and after the game's release the VCs began selling out to Tencent, which had acquired 93% by 2011. Tencent took full ownership four years later but retained Merrill and Beck to run the company.

"We were pretty naive in the early days," Beck says. "It's probably a good thing because if we knew then what we know now, we probably would not have taken the chances we took."

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*League* helped pioneer freemium gaming, in which companies give away games

and make money by upselling to the devoted. *League* gamers pay a premium for cosmetic add-ons, like the roughly \$20 it takes to suit Sona, a virtuosic musician, as a futuristic DJ. The game pits two teams of five against one another, each teammate controlling a champion with unique abilities. *League* is fine-tuned to appeal to highly competitive players, which has given it an enviable position atop the burgeoning \$1 billion esports industry. Players can't buy in-game advantages, making skill a critical factor.

Riot invests "way over" \$100 million per year in esports, according to a [2018 Reddit post](#) by a Riot manager. The unit hasn't hit breakeven yet, but CEO Nicolo Laurent says it's getting close, thanks to sponsors like MasterCard, State Farm and Honda that are drawn to its Millennial fan base.

There is little room for missteps, especially for a company that's [under investigation](#) by the California Department of Fair Employment and Housing for alleged gender discrimination. Last year [video game site Kotaku](#) labeled Riot's workplace a toxic "bro culture." Riot says it's cooperating with the probe and that the company has found no evidence of widespread pay disparity. The company hired its first chief diversity officer in February and says it is committed to improving its workplace.

With its *Legends of Runeterra* card game, Riot will be going up against a well-funded, popular competitor: Activision Blizzard's *Hearthstone*. Its new tactical shooter game, codenamed Project A, will face off against Valve's *Counter-Strike: Global Offensive* and Activision Blizzard's *Overwatch*, among many other titles. Then there's *Fortnite*. The two-year-old cultural juggernaut from Epic games boasts 250 million players and tournaments with \$30 million in prize money and has become a global phenomenon. Last Sunday, up against the season finale of HBO's hit show *Succession* and the continuing Trump drama, *Fortnite* was still one of the buzziest news items when the developers programmed the game to fall into a virtual "black-hole" before taking it offline to mark the end of Season 10.

Riot can't compete with *Fortnite* in grabbing headlines right now. Success can come only from continued investment in its carefully cultivated fan base.

"One of the reasons *League of Legends* has become big is not because we're great at acquiring new players, it's because we're great at not losing them," Merrill says. "We believe we can do the same with our future games. The world is going to tell us how we do."

*Additional reporting by Rob LaFranco*

<http://staging.forbesmiddleeast.com/is-there-life-after-league-of-legends-riot-bets-big-on-its-first-new-game-in-10-years>