

AUTHOR: EDOARDO CIAMPELLETTI - TRADEMARKED PAPER ®

# The Sports Investment Ecosystem: USA vs. Europe

## Why does Europe lag behind?

**2025**

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### INTRODUCTION

The sports investment ecosystem has experienced substantial growth globally, with particular attention to the USA and Europe. While both markets are significant players, the USA has consistently outpaced Europe in terms of investment in sports tech, innovation, and related industries. This report delves into the underlying reasons, highlights the key differences, and provides actionable recommendations to bridge the gap.

### INVESTMENT LANDSCAPE

## USA

- 1. Market Size:** The US sports market was valued at approximately **\$80 billion** in 2024, driven by robust leagues (NFL, NBA, MLB), sponsorships, and media rights.
- 2. Venture Capital Activity:**
  - a.** The USA recorded **over \$4.5 billion in sports tech investments in 2024**.
  - b.** Major players include Sequoia Capital, Andreessen Horowitz, and SoftBank.
  - c.** Key areas of focus: Fan engagement platforms, wearable technology, AI analytics, and esports.
  - d.** **62%** of the total global investments in Sports were made by US entities
- 3. Government Support:** Various federal and state-level grants encourage R&D in tech innovations, including sports.
- 4. Corporate Involvement:** Companies like Nike, ESPN, and Amazon actively invest in sports innovation and technologies, boosting private funding.

## Europe

- 1. Market Size:** Europe's sports market was valued at **\$50 billion in 2024**, with a heavy reliance on soccer (football) as the primary driver.
- 2. Venture Capital Activity:**
  - a.** Total investment in sports tech was **around \$1 billion in 2024**.
  - b.** Investment focus: Club-level performance analytics and grassroots development platforms.
  - c.** **20%** of the total global investments in Sports were made by European entities
- 3. Government Support:** Minimal compared to the USA; most support comes from EU-level grants like Horizon 2020.
- 4. Corporate Involvement:** Largely focused on sponsorships rather than innovation.

## KEY REASONS FOR THE GAP

1. **Cultural and Economic Differences:**
  - a. **USA:** Emphasis on commercialization and profitability of sports, including advanced monetization strategies.
  - b. **Europe:** Sports are more tradition-focused, with less emphasis on tech-driven revenue streams.
2. **Venture Capital Ecosystem:**
  - a. USA's venture capital ecosystem is larger and more mature, with a higher risk appetite.
  - b. Europe faces fragmented markets due to regulatory and cultural differences.
3. **League Structures:**
  - a. US leagues operate as closed systems with substantial media and sponsorship revenue.
  - b. European sports rely heavily on open-league systems, limiting consistent financial inflows.
4. **Innovation Culture:**
  - a. USA fosters innovation through university collaborations, corporate accelerators, and a startup-friendly environment.
  - b. Europe lacks similar systemic support.
5. **Regulatory Hurdles:**
  - a. Strict labor laws and lower ease of doing business in Europe deter large-scale investments.

## DATA INSIGHTS

### Investment Trends (2018-2024)

- The USA shows a steady annual growth rate of 12% in sports tech investments.
- Europe lags with a CAGR of 4%.

## FOCUS AREAS OF INVESTMENT

Sector	USA (\$ billion)	Europe (\$ billion)
<b>Fan Engagement</b>	<b>1.5</b>	<b>0.3</b>
Wearable Tech	1.2	0.4
Esports	0.8	0.1
Analytics Software	1.0	0.2

### Ecosystem Comparison

- **USA:** Circular integration of startups, leagues, corporates, and academia.
- **Europe:** Linear structure with limited interaction between stakeholders.

## UNICORNS IN SPORTS TECH (LAST 15 YEARS)

### USA

The USA dominates the sports tech unicorn landscape with **12 unicorns**, reflecting its mature venture capital ecosystem and strong focus on innovation. Notable examples include:

- **Fanatics:** E-commerce and fan engagement.
- **DraftKings:** Online sports betting and gaming.
- **Whoop:** Wearable technology for performance tracking.
- **Strava:** Social fitness network for athletes.
- **Peloton:** Connected fitness hardware and services.
- **Epic Games:** Developer of Fortnite and esports technologies.
- **Unity Technologies:** Gaming and simulation software with sports applications.
- **SportRadar:** Sports data and analytics platform.
- **Calm:** Mental wellness app with sports endorsements and integrations.
- **Skillz:** Mobile esports competition platform.
- **Oura Ring:** Wearable health tracking with applications in sports performance.
- **Dapper Labs:** Creator of NBA Top Shot and blockchain-based sports collectibles.

### Europe

Europe lags with only **2 unicorns** in the sports tech sector. These include:

- **Sorare:** Blockchain-based fantasy football platform headquartered in Paris, France.
- **Zwift:** Virtual cycling and fitness training platform based in London, UK.

## RECOMMENDATIONS

### 1. Policy-Level Changes:

- a. Governments in Europe should create sports-specific innovation grants and tax incentives.
- b. Simplify cross-border regulations to promote investment.

### 2. Strengthen Venture Ecosystem:

- a. Establish Europe-wide sports tech funds to unify fragmented markets.
- b. Encourage corporate accelerators and incubators.

### 3. Cultural Shift:

- a. Promote sports as a business opportunity, not just a tradition.
- b. Educate clubs and leagues on the potential of technology in enhancing profitability.

#### 4. Leverage Academia:

- a. Partner universities with sports clubs for R&D in analytics, biomechanics, and AI.

#### 5. Private Sector Engagement:

- a. Incentivize European companies to invest in sports innovation through public-private partnerships.

### CONCLUSION

The USA's dominance in the sports investment ecosystem stems from its mature venture capital ecosystem, commercialization focus, and systemic support for innovation. Europe's lag is primarily due to cultural, regulatory, and economic challenges. However, with strategic policy changes, enhanced funding mechanisms, and a cultural shift toward innovation, Europe can bridge the gap and emerge as a competitive player in the global sports investment landscape.

### THE ROLE OF EPSI IN BRIDGING THE EU GAP IN SPORTS TECH INNOVATION

#### Tangible Contributions of EPSI

EPSI (European Platform for Sport Innovation) is uniquely positioned to address the challenges faced by the European sports tech ecosystem. Below are specific, actionable cases where EPSI can make a difference:

#### 1. Organizing the EPSI Innovation Competition in Rovaniemi 2025 (and future events) **PRIORITY**

EPSI can host an annual expo to showcase innovative technologies, connect stakeholders, and attract global attention.

- **Example:** A "EPSI Innovation Competition", entertaining adopting a "Shark Tank" style featuring live demos, panel discussions, and matchmaking sessions for startups and investors. Prize money awarded to winner and runner-up.
- **Impact:** Boosts visibility for European sports tech companies and positions Europe as a global innovation leader.

#### 2. Establishing a Pan-European and International Sports Tech Fund - **PRIORITY**

EPSI can partner with EU institutions and private investors to create a dedicated sports tech fund, providing early-stage and growth capital to promising startups.

- **Example:** Launching a fund to support emerging technologies in wearables, AI-driven analytics, and fan engagement platforms.
- **Impact:** Reduces reliance on fragmented national funding schemes and encourages cross-border innovation.

#### 3. Promoting Cross-Border Sports Innovation Clusters

EPSI can form regional innovation hubs across Europe, connecting startups, sports clubs, academic institutions, and investors.

- **Example:** A "Sports Tech Valley" initiative modeled on Silicon Valley but distributed across innovation hubs in the Netherlands, Germany, and Spain.

- **Impact:** Builds a cohesive network for collaboration and knowledge sharing, driving faster commercialization of ideas.

#### 4. Launching a Sports Tech Program

EPSI can design and run accelerator programs focused on sports tech startups.

- **Example:** A 12-week program providing mentorship, prototyping facilities, and market access for 10 startups annually for a fee.
- **Impact:** Accelerates time-to-market for innovative products and connects startups with potential investors and customers.

#### 5. Driving Policy Advocacy for EU-Level Support

EPSI can lobby for sports tech-specific policies and incentives.

- **Example:** Advocating for an EU Sports Tech Innovation Grant with simplified application processes and funding up to €1 million per project.
- **Impact:** Encourages more startups and SMEs to engage in innovation by reducing financial and administrative barriers.

#### 6. Supporting University R&D Collaboration

EPSI can facilitate partnerships between universities and sports organizations to drive research in cutting-edge technologies.

- **Example:** Creating a consortium of European universities to study new physical products or digital innovations for sports.
- **Impact:** Bridges the gap between academic research and real-world applications, ensuring Europe stays at the forefront of sports innovation.

#### 7. Developing Data Standardization and Sharing Frameworks

EPSI can work with stakeholders to create standard protocols for collecting and sharing sports data.

- **Example:** A “European Sports Data Hub” enabling clubs, leagues, and startups to access anonymized data for R&D.
- **Impact:** Encourages data-driven innovation while ensuring compliance with privacy regulations.

#### 8. Enhancing Fan Engagement Through Digital Platforms

EPSI can lead initiatives to create digital tools that enhance fan experiences.

- **Example:** Partnering with European football leagues to develop an interactive app featuring augmented reality experiences and fan engagement innovations.
- **Impact:** Drives fan engagement and creates new revenue streams for sports organizations.

### CONCLUSION

Through targeted initiatives such as funding programs, innovation clusters, and policy advocacy, EPSI can play a transformative role in strengthening Europe’s position in the global sports tech ecosystem. By addressing financial, cultural, and structural challenges, EPSI can help unlock Europe’s full potential in this burgeoning industry.

## SOURCES

1. **SportTechX Reports:** Comprehensive analyses of global sports tech trends. (SportTechX)
2. **Grand View Research:** Insights into sports tech market size and growth projections. (Grand View Research)
3. **CB Insights:** Global unicorn tracker. (CB Insights)
4. **Newsletter on Sports Tech Unicorns:** Detailed list of unicorns as of 2024. (SportTechX Newsletter)