

# VALUATION SYSTEM OF PLAYERS AND ATHLETES IN SPORTS: A NEW MODEL OF ASSESSMENT

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## ABSTRACT

*This research paper aims to discuss and understand how the valuation system of players work on players in the sports industry. The author will examine the fixed and variable factors which play an essential role in evaluation and further impact athletes. The author has adopted secondary research method which will be used as evidence for concluding this topic. The research paper involves different realms of law which include Contract Law, Anti-Doping or WADA Code, Intellectual Property Law, and other essential guidelines and rules which are issued by the government and sports organizations. The author will do the analysis & further co-relate with the different topics of sports management. The present paper consists of various case studies and comparative analyses with the US, UK, Europe, and India to get a better understanding of this topic. Finally, the author will give his suggestions from his research data which can be used in further research studies.*

## I. INTRODUCTION

A child who wants to pursue sports at the professional level has a dream to develop his/her skills to play for a certain club, further represent their nation, and later on, perform exceptionally at global events.<sup>1</sup> Such players should perform from the Amateur level to the Professional Level. Such level can be at:

- a) Academy Level;
- b) School-level and College/University Level;
- c) Club Level;

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<sup>1</sup>K. Tremblay and others, 'Feasibility Study Report: Volume 1' (OECD 2012) <<https://www.oecd.org/education/skills-beyond-school/AHELOFSReportVolume1.pdf>> accessed 20 February 2022.

- d) National Level; and
- e) International Level.

The prominent players get sponsorships or endorsements deals in millions. These players can further negotiate with the sponsors, and owners of the club to further come into an arrangement where both parties can generate revenue. But how can we determine how the players or athletes get valued for which they got paid in millions. There are a lot of things that are on the stakes for the club owners, for players and fans.<sup>2</sup>

Therefore, the valuation of players becomes an essential part of coming into the arrangement with the player or athlete, owners of the organization, and with the agent of the players.

### **1. Objective of this Research Paper**

The main objective of this research paper is to find the answers and relevant solutions to the questions, which are: -

1. How valuation of players needs to be done in Sports?
2. Whether there is any specific model to evaluate such valuation?
3. What are the factors which are involved in the valuation?

### **2. Research Methodology**

The researcher in the present paper chooses the secondary research method to get a better understanding of the available data and further refers to well-researched articles, journals, books and also online databases.

## **II. IMPORTANCE OF SCOUTING SYSTEM**

When a scouting network of any sports organization starts to find talented players at a young age for their team, they do see a few things which need to take into consideration: -

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<sup>2</sup> A. Elberse, 'Ferguson's Formula' (*Harvard Business Review*, October 2013) <<https://hbr.org/2013/10/fergusons-formula>> accessed 20 February 2022.

- I. whether a young player can become a potential player for their main team;
- II. whether a player can perform better for their team; and
- III. what position of a player could be selected for?

But when such players were graduated from their U-19 or their Sports Academy a real litmus test needs to be done by analysing the performance of such players at the elite league against the bigger clubs at the consistent level.<sup>3</sup>

The player should become an asset for their organization for generating revenues through various modes, such as selling such players to a bigger club at a higher price, attracting bigger sponsors, selling merchandise, which the researcher will talk about in this paper. It is kind of an investment that clubs make in these young players so that in the future, if a club or player wishes to sell a player to another club, they also make a profit from such transfer.

Apart from this, clubs do consider whether a player can become a good ambassador of a sport. There is a certain programme for which players does comply with the international organization such as WHO, UNICEF, etc., where they should promote the societal programmes in underdeveloped or developing countries.<sup>4</sup>

### III. IMAGE RIGHTS OF PLAYERS

Image rights are such rights that are under the owner's right, which he/she can control, further can license or exploit for all kinds of personality attributes that are related to the owner's image.<sup>5</sup>

Such image rights can be exploited in two ways: -

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<sup>3</sup> J. Collins and others, 'UEFA Expert Group Statement on Nutrition in Elite Football. Current Evidence to Inform Practical Recommendations and Guide Future Research' (2020) 55 BJSM 416 <<https://bjsm.bmj.com/content/bjsports/55/8/416.full.pdf>> accessed 20 February 2022.

<sup>4</sup> O. Abdi, 'Strengthening UNICEF's Humanitarian Action' (*The Humanitarian Review*, UNICEF 2020) <<https://www.unicef.org/media/108046/file/Humanitarian%20Review.pdf>> accessed 20 February 2020.

<sup>5</sup> The Copyright Act 1957, s 2(c).

## 1. Personal Capacity

Personal Capacity deals with the individual basis. A sportsperson or athlete can sign an individual endorsement deal with any company. He/She will have a bigger portion of income as the players can exploit their image right attributes through their advertisements or public events with the brands.

*Illustration:* Player 'X' signed an endorsement deal with 'KL' Company. Player X shall appear in the advertisement with

## 2. Association or Club Capacity

Association or Club Capacity means when a sportsperson or player was employed with the club or with the association. They do have to comply with the terms and conditions which were written in their contract.

*Illustration:* Player 'Y' signed an employment agreement with 'XYZ Football Club'. As per the Terms and Conditions in the contract, Player 'Y' shall click the picture with the squad, signed the club merchandise, and appear in the advertisement which is associated with the club.

Both, the players as well as the clubs, wants to keep a big portion of themselves in these image rights. Hence, the negotiations between the player and clubs become a struggle for both of the parties.

## IV. FACTORS FOR VALUATION OF PLAYERS

There are numerous factors which involve, which can be called as "*TAP-R-PPV Model*" or simple words let us call it the "*Katheria Model of Valuation*".

Let us break down this TAP-R-PPV Model or Katheria Model of Valuation, which are: -

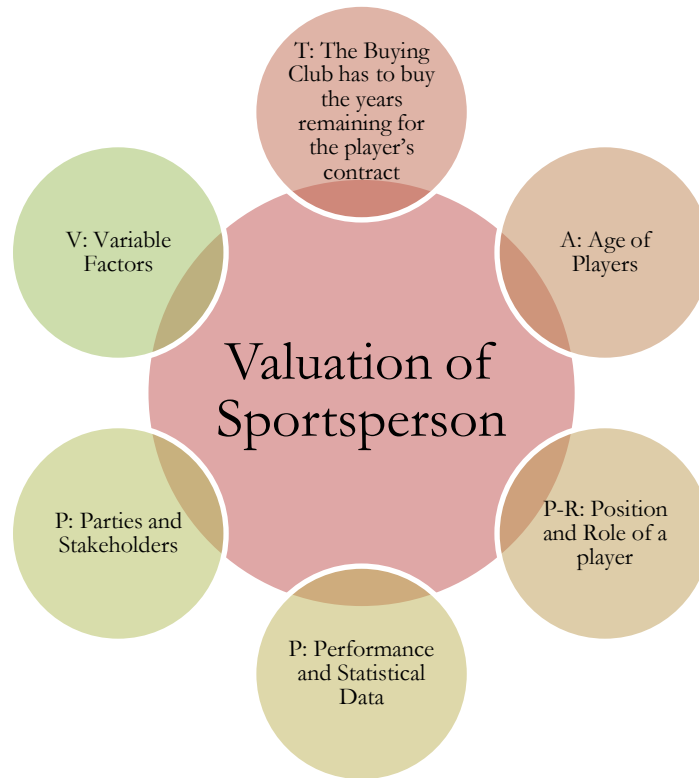


Fig. of TAP-R-PPV Model introduced by the researcher.

- ✓ T: The Buying Club has to buy the years remaining for the player's contract;
- ✓ A: Age of Players;
- ✓ P-R: Position and Role of a player;
- ✓ P: Performance and Statistical Data;
- ✓ P: Parties and Stakeholders involved; and
- ✓ V: Variable Factors.

Let us discuss all the above said terms in brief:

### **1. The buying club has to buy the years remaining for the player's contract**

When a player was with the contract with a club or with any franchise team, sometimes a player still left a few years which he has complied with the club. Therefore, the buying club obliged to buy the remaining year of the player's contract to compensate the seller's investment.

## 2. Age of Players

The age of a player is one of the most important factors to evaluate for such valuation. The more the young player is the bigger the money involved to incur the cost for the huge potential.

## 3. Position and Role of a player

A player's position and his role in the squad is also important. Such kinds of factors are applicable in team-based sports. It should be made clear to the player whether he or she will play regularly with the first team, whether the owners and administration are willing to pay them bonus whenever they perform for their team, and whether he or she will get the opportunity to use his gear as tools of the trade.

## 4. Performance and Statistical Data

A regular performance by a player consistently can further rise his/ her value in the market. A player wants to chase his dream by playing at elite clubs and playing in the top league against the top players. Moreover, the statistical data of an individual player give more clarity in terms of getting offer sponsorship from different companies which can be related to the sports industry or any other industries except betting, liquor & alcoholic beverages, and any other industry which were restricted by the sport's governing federations or associations or organizations.

## 5. Parties and Stakeholders involved

Numerous parties are involved in the sports contracts. A player, a buyer, a seller, agent of the player, and lawyers of both the parties. There are times when fans also have the power and become an essential part of the organization.

Such kind of concept was already been implemented by FC Barcelona, which has its members known as *Socis* or *Socios*.<sup>6</sup> These members have a part-ownership in the FC Barcelona. These members have an influence in

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<sup>6</sup> A. Bialkowski, 'Who are Barça socios and how to become one' (*9Camp Nou*, 14 April 2022) <<https://9campnou.com/how-to-become-fc-barcelona-socio/>> accessed 20 February 2022.

the organization during the elections, referendums. Currently, in FC Barcelona, there are 146,000 *socios*. The *socios* have to pay an annual fee of EUR 185.<sup>7</sup>

## 6. Variable Factors

Injuries of players, bad behaviour of player with team-mates and with the manager of the clubs, public image, and social responsibilities or public service.

However, these variable factors do act as a *double-edged sword*. In case any player appearances are less in a season, the constant fight with the team-mates or with the coach, manager or support-staff, sportspersons involved in gambling or betting incident or any serious criminal activity, such incidents can devalue the player's valuation.

In the next heading, the researcher further explains such variable factors which hamper the player's overall valuation and further included in the TAP-R-PPV Model or Katheria Model of Valuation.

## V. FACTORS THAT CAN HAMPER THE VALUATION OF A PLAYER

The valuation of a sportsperson can get hampered by various variable factors. Such factors can be:

### 1. Accused in any serious criminal activity

If a player is accused of any serious crime, most of the time sportspersons or players do lose their sponsors. The companies do not want to associate with such sportsperson which can damage the goodwill of their brand.

### 2. Involved in betting or dangerous sports activity

Sports associations or club owners do make a prevention clause in their agreement to make sure that players are not involved in any kind of betting games or any such sporting activity which does impose a life

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<sup>7</sup> *ibid* at 7.

threat. Many sportspersons got banned while involved in the betting activities in their respective matches.

### 3. Doping

If any player is deliberately involved in consuming performance enhancement drugs which are restricted by the authorities. There have been instances of players who were involved in doping or consumed performance enhancement drugs which led them to lose their sponsorship and endorsement deals with well-known brands.

## VI. CASE STUDIES ON PLAYERS WHOSE VALUATION INCREASED

### 1. David Beckham

The former England football player and legend, David Beckham has made a huge empire not through the endorsement deals, but also from the investment he made during his career. Beckham makes \$42 million from the endorsement deal from brands like Adidas, Coty, H&M, Sainsbury's, Samsung, and Breitling.<sup>8</sup> Currently, his net worth is \$450 million.<sup>9</sup> His company, Beckham Holdings invested in the various subsidiaries company<sup>10</sup>, such: -

- a) *Victoria Beckham Holdings Limited*- A holding company, consisting of fashion and retail business;
- b) *Victoria Beckham Incorporation*- A fashion e-commerce company.;
- c) *Beckham Retail Limited*- The principal activity of this company is dormant;
- d) *DB Ventures Limited*- Image rights and licensing;

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<sup>8</sup> '#19 David Beckham'(Forbes, 26 June 2013) <<https://www.forbes.com/profile/david-beckham/?sh=71ddc92a56d5>> accessed 20 February 2022.

<sup>9</sup> E. Wallin, 'David Beckham Net Worth' (*Wealthy Gorilla Blog*, 2021) <<https://wealthygorilla.com/david-beckham-net-worth/>> accessed 20 February 2022.

<sup>10</sup> *ibid* at 9.



- e) *Beckham Brand Limited*- It is also an image right and licensing company;
- f) *Dbrazil TV Limited*- This is a TV production company;
- g) *Miami Beckham United LLC*- A Major League Soccer franchise;
- h) *Miami Properties LLC*- A property holding company;
- i) *Miami LLC*- A non-trading company.

## 2. Virat Kohli

Former Captain of the Indian Cricket Team, Virat Kohli is India's most valuable celebrity. He has an endorsement deal with Vicks, Audi, Too Yumm, Manyavar, and Hero which was worth around \$20 million.<sup>11</sup> Apart from this, he has also co-owned FC Goa in the Indian Super League. Mr Kohli is valued at around \$237.6 million.<sup>12</sup>

## 3. Michael Jordan

The Greatest of All Time in NBA history, Michael Jordan net worth is up to \$1.6 billion.<sup>13</sup> During his NBA career, he earned \$90 million, including the \$63 million with the final two seasons with the Chicago Bulls.<sup>14</sup> Brands like Nike, Hanes, Upper deck and Gatorade signed the endorsement deals with him, which is valued at around \$130 million. In 2020, Jordan also co-owned a NASCAR team name, 23XI Racing.

Nike already signed a lifetime endorsement brand deal with Michael Jordan for the famous "*Nike Air Jordans*" shoes. In 1984, the US-based Nike Inc. signed a sneaker deal with him of \$250,000 for the upfront

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<sup>11</sup> '#66 Virat Kohli'(Forbes, 22 May 2020) <<https://www.forbes.com/profile/virat-kohli/?sh=5e239efb4cc9>> accessed 20 February 2022.

<sup>12</sup> 'Virat Kohli is India's most valuable celebrity' (*Royal Challenger Bangalore*, 9 February 2021) <<https://www.royalchallengers.com/rcb-cricket-news/lifestyle/virat-kohli-is-indias-most-valuable-celebrity>> accessed 20 February 2022.

<sup>13</sup>#1931 Michael Jordan',(*Forbes*, 12 June 2022) <<https://www.forbes.com/profile/michael-jordan/?sh=2fc7845b2d83>> accessed 20 February 2022.

<sup>14</sup> M. Cruz, 'Michael Jordan's Net Worth In 2022' (*ClutchPoints*, 3 January 2022) <<https://clutchpoints.com/michael-jordans-net-worth-in-2022/>> accessed 20 February 2022.

commitment.<sup>15</sup> This resulted that a brand worth \$3 billion, earning about \$1.3 billion. In the current sneaker market, Nike's "Air Jordan" already made a monopoly due to the value which brings from associated with the G.O.A.T, Michael Jordan.<sup>16</sup> Jordan also holds majority shares in an NBA team, Charlotte Hornets, which is worth around \$1.5 billion.<sup>17</sup>

#### 4. LeBron James

LeBron James is one of the biggest sportspersons in the sports industry. He won four NBA Championship, four NBA MVP Awards, four NBA Final MVP Awards, and two Summer Olympic gold medals.<sup>18</sup> LeBron made almost \$125 million from his salary.<sup>19</sup> Further, he made \$326 million worth of endorsement deals with the 2K Sports, AT&T, Beat Electronics, Calm, Epic Games, GMC, Nike, PepsiCo, RIMOWA, Tonal, and Walmart.<sup>20</sup>

He is on contract and playing for the Los Angeles Lakers, which he signed in 2018, and expires in 2023, his base salary is \$41.1 million and the whole deal is about \$153 million.<sup>21</sup> LeBron James founded the LRMR Venture, with Maverick Carter, Rich Paul and Randy Mims.<sup>22</sup> The LRMR is a sports marketing agency. He already invested in the Fenway Sports

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<sup>15</sup> 'Michael Jordan Net Worth 2021: What is Jordan's deal with Nike?' (Marca, 17 October 2021) <<https://www.marca.com/en/basketball/nba/2021/10/17/616c0df146163f846f8b45b5.html>> accessed 20 February 2022.

<sup>16</sup> *ibid* at 16.

<sup>17</sup> '#27 Charlotte Hornets' (*Forbes*, October 2021) <<https://www.forbes.com/teams/charlotte-hornets/?sh=67dda329364f>> accessed 20 February 2022.

<sup>18</sup> 'LeBron James net worth 2021: What is LeBron's salary per week?' (*MARCA*, 10 October 2021) <<https://www.marca.com/en/basketball/nba/2021/10/10/6162d4d846163f8c968b4633.html>> accessed 20 February 2022.

<sup>19</sup> D. Chmielewski and C.H. Withron, 'LeBron James' Net Worth Revealed – And, Spoiler, He's Not A Billionaire' (*Forbes*, 21 August 2021) <<https://www.forbes.com/sites/dawnchmielewski/2021/08/21/why-lebron-james-is-not-a-billionaire--yet/?sh=3fc51a043e3e>> accessed 20 February 2022.

<sup>20</sup> 'LeBron James' (*Forbes*, 12 June 2022) <<https://www.forbes.com/profile/lebron-james/?sh=5a25280f2398>> accessed 20 February 2022.

<sup>21</sup> *Ibid* at 19.

<sup>22</sup> P.B. Torre, 'LeBron: The Sequel' (*ABC News*, 25 July 2016) <<https://abcnews.go.com/Sports/lebron-sequel/story?id=48828248>> accessed 20 February 2022.

Group and owns Boston Red Sox, Liverpool Football Club, Roush Fenway Racing and the New England Sports Network.<sup>23</sup>

Further, LeBron James and Maverick Carter founded The Spring Hill Company, an entertainment company that recently co-produced the movie “Space Jam: A New Legacy”, with the Warner Animation Group, and Proximity Media. The Spring Hill Company is worth around \$300 million.<sup>24</sup>

## VII. CASE STUDIES ON PLAYERS WHO LOST THEIR SPONSORSHIPS AND DIP IN THEIR VALUATION

### 1. Oscar Pistorius

The South African “*Blade Runner*”, Oscar Pistorius lost his sponsorship from Oakley, Nike, BT, Thierry Mugler, and Ossur due to the charges of “*premeditated murder*” for shooting death of his girlfriend Reeva Steenkamp.<sup>25</sup> The Nike endorsement deal was worth \$2 million.<sup>26</sup> The charges were framed against him was serious criminal charges.

### 2. Lance Armstrong

Former American professional road racing cyclist, Lance Armstrong admitted that he used the performance enhancement drugs at the age of 21. He was a seven-time Tour de France winner, which was strapped and further punished with the lifetime ban in 2012 from the United States Anti-Doping Agency (USADA).<sup>27</sup> Due to this incident, Nike, Honey Stinger, Trek, Easter-Bell Sports, 24 Hour Fitness, Anheuser-Busch, RadioShack, Oakley, all of them terminate their endorsement and sponsorship deal with him.<sup>28</sup>

### 3. Tiger Woods

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<sup>23</sup> *ibid.* 21

<sup>24</sup> *ibid.* 20

<sup>25</sup> M. Wall, ‘Pistorius fall-out: The perils of sports sponsorship’ (*BBC News*, 21 February 2021) <<https://www.bbc.com/news/business-21472843>> accessed 20 February 2022.

<sup>26</sup> *ibid.* at 26.

<sup>27</sup> Samuel Abt, ‘Lance Armstrong’ (*Britannica*, 11 January 2022) <<https://www.britannica.com/biography/Lance-Armstrong>> accessed 20 February 2022.

<sup>28</sup> T. Rotunno, ‘Armstrong Loses Eight Sponsors in a Day’ (*CNBC*, 18 October 2012) <<https://www.cnbc.com/id/49462583>> accessed 20 February 2022.

Tiger Woods, former No.1 golfer, was found in extra-marital affairs which was later comes to the public, leading to nightmares not only in his personality but also in his professional life.<sup>29</sup> Big corporate giants like Accenture, AT&T Inc., and Gatorade terminated their endorsement deal which was worth \$23 million;<sup>30</sup>

#### **4. Ben Johnson**

The Canadian athlete, who won the gold medal 1998 Summer Olympics, was found to be using the banned substance stanozolol, which is an anabolic steroid. It was found in his blood and urine sample by the Olympic Doping Control Center.<sup>31</sup> Within three days, not only did the Olympic Committee strip his gold medal and his world record which he set in the 100-meter Men's sprint event, but he also lost his sponsorship deal from the Diadora, which is an Italian sportswear brand worth \$2.8 million, at that time.<sup>32</sup>

#### **5. Wayne Rooney**

In 2010, a tabloid was released in the UK that Wayne Rooney was allegedly cheating on his wife who was pregnant at that time. Such an incident led him to pull him back from the ad from Coca-Cola. Further, Tiger Beer also pulled him from their ad campaign.<sup>33</sup>

### **VIII. E-SPORTS**

E-Sports is an unregulated market. There is no fixed transfer window, which means any player can apply for a permanent or loan transfer to any other E-Sports organization. Therefore, the valuation of players depend on the current forms of the E-Sports player. But the question is how the valuation of such players can be done as it is dynamic in nature.

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<sup>29</sup> 'Athletes who've lost endorsements after scandals' (CBS News, 23 October 2012) <<https://www.cbsnews.com/media/athletes-whove-lost-endorsements-after-scandals/>> accessed 20 February 2022.

<sup>30</sup> *ibid* at30.

<sup>31</sup> *ibid* at 30.

<sup>32</sup> *ibid* at 30.

<sup>33</sup> *ibid* at30.

Certain things shall consider before any player make a permanent or loan transfer to any E-Sports organization. These factors in E-Sports are:

### **1. Age of the Player**

The E-Sports organization does consider this as one of the important factors to sign an E-Sports player. It is important to note that there is legislation that governs whether a person is competent to sign a contract.

Under Section 11 of the Indian Contract Act, 1872, only a competent person can sign a contract when he/ she has attained the age of majority and a sound mind. In India, the '*age of majority*' is defined under Sec. 3(1) of the Indian Majority Act, 1872. It says: "*Every person domiciled in India shall attain the age of majority on his completing the age of eighteen years and not before.*"

### **2. Skills of Players**

When any E-Sports players were scouted by any E-Sports organization, they look out for various skills which shall consist in a player. These skills can be: -

- a) Game Sense and Awareness;
- b) Reflexes of player;
- c) Teamwork & Assisting Ability;
- d) Hand-eye coordination;
- e) Aiming of Player.

### **3. Performance**

The performance of an E-Sports player becomes important for negotiating with the E-Sports organization for a permanent or a loan transfer deal. The scouts of the E-Sports organization look at the last three-four months performance, which helps them to submit and further negotiate with the E-Sports players.

Let us understand such valuation of E-Sports players through the various case studies, which are: -

### 1. Zimo

The Chinese E-Sports player, Zimo who play Honor of Kings [the Chinese version of Arena of Valor] has been acquired by the Team Weibo in the auction for the King Pro League. The transfer fee amounted to \$1.89 million.<sup>34</sup> He has become the most expensive mobile E-Sports player across any mobile e-Sports industry.

### 2. John “N0tail” Sundstein

The Dota 2 E-Sports player, John Sundstein who is known as “N0tail”, play for OG, won Dota 2 The International Tournament for consequently two years.<sup>35</sup> He earned around \$7 million which makes him the highest-earning E-Sports player in the world.

### 3. Kyle “Bugha” Giersdorf

The famous Fortnite player, Kyle Giersdorf, also known as “Bugha”. In the Fortnite World Cup 2019, he showed his dominant performance and won \$3.2 million.<sup>36</sup> This made him one of the highest esports players in the world in terms of winning the prize pool.

### 4. Zhu “paraboy” Bocheng

The Chinese e-sports player, Zhu Bocheng, also known as “paraboy”, is the most respected mobile E-Sports player for playing in the Game For Peace (a Chinese rebranded version of PUBG Mobile). In terms of winning the pool prize, he is one of the most-highest earning in the PUBG Mobile or Game For Peace, including the domestic, as well as

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<sup>34</sup> D. Moghe, ‘Zimo signed by Team Weibo for \$1.9M’ (*Talkesport*, 24 January 2022) <<https://www.talkesport.com/news/zimo-signed-by-team-weibo-for-1-9m/#:~:text=Honor%20of%20Kings%20professional%20player,esports%20player%20across%20any%20title>> accessed 20 February 2022.

<sup>35</sup> A. Boggs, ‘Top 10 highest earning esports players in the world’ (*Esportsbets*, 27 January 2021) <<https://www.esportsbets.com/news/highest-earning-esports-players/>> accessed 20 February 2022.

<sup>36</sup> *ibid* at 36.

international tournaments. He earned around \$1.05 million.<sup>37</sup> He is in contract with the NOVA E-Sports (earlier, it was XQF, which was later acquired by the NOVA E-Sports).

## **IX. VALUATION PROCESS OF A PLAYER OR ATHLETE**

The valuation process of a player or athlete consists of three things: -

- a. Letter of Intent or Enquiry Report;
- b. Representation of Players or Athletes;
- c. Valuation Report.

Now let us discuss this briefly:

### **1. Letter of Intent or Enquiry Report**

Whenever any club or organization needed the estimated value of a player or athlete, a letter of intent or enquiry report needs to be prepared it. This usually happens in football, when any club wants to know the estimated value of a football player before making an offer to the club.

The same process can be applied in the E-Sports when any e-sports athlete or any E-Sports organization wants to include a new player in their line-up;

### **2. Representation of Players or Athletes**

Once the club or the organization did find a potential player who can be a good addition to their team will engage the lawyers and agents/intermediaries who are representing the potential player as well as key managerial personnel who are handling the player transfer division such as Sporting Director, Coach, Manager, etc.

### **3. Valuation Report**

The valuation report consists of the statistical data of the potential player. These data consist the various information on the performance of a

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<sup>37</sup>Zhu "paraboy" Bojun' (*EsportsEarnings*, 2022) <<https://www.esportsearnings.com/players/69516-paraboy-zhu-bojun>> accessed 20 February 2022.

player, social media engagement of a player, and existing sponsorship or endorsement deals with the brands. Once the valuation report has been completed, the club then make an offer to another club to acquire the service of the potential player that they are looking to add to their team.

Let us understand with the illustration:

- a) *Illustration 1* -“ABC Football Club” wants to add a potential player name “Mr. X”, who is playing for the “XYZ City Football Club”. The ABC Football Club has already done the scouting of Mr. X. Therefore, ABC Football Club will send a Letter of Intent or the Enquiry Report to XYZ City Football Club to get the estimated value to buy the services of the player. Once the XYZ City Football Club get such a Letter of Intent or Enquiry Report. Two things will happen, either the XYZ City Football Club reject such a report or they will send an estimated value. Here let us assume Mr. X's estimated value is GBP 40,00,000.

Then, the valuation report needs to make which consists of the player's performance for their club, existing endorsement and sponsorship deals with the brands, and the social media presence. Once they acquired all such data, they will analyse, how the potential player (here it is Mr. X), accordingly they discuss the tenure of the player's contract, appearances, appearances in the matches, as well as for the event, and many more.

Once the Valuation Report has been submitted to the ABC Football Club, they will engage the key managerial personnel of the Club, as well as the player's lawyer and agent or intermediaries. After taking into consideration all factors, ABC Football will make an offer to the player, and further discuss the add-ons such as the bonuses for the players once they won any tournament for the club or won any individual award.

- a) *Illustration 2* -DEF E-Sports team wants to add Mr. S who is a professional E-Sports athlete and plays Battleground Mobile India (BGMI). Right now he is playing for the Team PQE E-Sports as an



All-Round Supportive player. DEF E-Sports team wants a player who can perform a supportive role with their team.

Once the trial has been ended, the DEF E-Sports team will send a Letter of Intent or the Enquiry Report for his availability to play with their team for 5 matches in an invitational event to check whether the player is compatible and have good synchronization with the other team members. Further, the DEF E-Sports will also ask Mr. S to send his device POV camera, his gameplay recording, and his mobile device to check whether he is not using any unethical means to gain unfair advantages during the events.

Once the trial has been completed, the valuation report will be drafted in which the all the data will be gathered from these 5 trial matches, his performance in the major tournaments, his last 5 months' performance in the E-Sports tournaments, number of views on his live streaming, and existing sponsorship and endorsement deals with the brands.

If the team owners and coach of the team found the player is compatible, the next step will be to involve his agents or intermediaries who are representing him to make an offer to the E-Sports athlete, and further terms and conditions will be negotiated by both of the parties.

## **X. ANALYSIS**

The problem with the current valuation system is that it can be the dynamic and volatile, depending on nature of the organization. There can never be an absolutely correct way to calculate the correct valuation of the sportsperson which can be resulted in 100%. However, by considering the TAP-R-PPV Model, we can get a close to perfect valuation.

Every sport has different standards to measure. Accordingly, brands also approach the sportsperson and athletes for endorsement deals. Also, E-Sports brings different kinds of aspects for evaluating the E-Sports players. If we see the traditional sports, such as Football, Basketball, Cricket, where the players were got tested with both, physical and mental

strength, the TAP-R-PPV Model of Valuation can be applied to make a good valuation of a Sportsperson or Athlete.

However, we still have to see the E-Sports sector, as there are not enough data available to get the correct valuation of E-Sports players. The majority of the E-Sports tournaments are broadcasted through YouTube or other streaming platforms such as LOCO, Twitch, Disney+, Hotstar, etc. There are not enough broadcasting deals that happen with the organizers and the broadcaster which help more cash flow in the E-Sports sectors, which can help to setup the E-Sports Academy and develop a more professional ecosystem.

### 1. Why There Was No Basic Formula?

There can never be a fixed formula to calculate the valuation of a player. This is dynamic and volatile in nature. The above-said factors which the researcher mentioned in the TAP-R-PPV Model of Valuation can be considered for doing the valuation. Every team, club, organization have their own set of factors while also taking the variable factors to calculate the almost correct valuation of such players.

## XI. CONCLUSION AND SUGGESTION

The researcher can conclude that the *TAP-R-PPV Model or the Katheria Model of Valuation* can be a better way to get the result of the valuation of the sportsperson who play the traditional sports. Also, the above-said case studies which the researcher mentioned for the variable factors showed us that brands can pull their endorsement deal in case you are involved in Doping, Serious or Serious Criminal Activity, and Involved in Betting or in Dangerous activities.

However, in E-Sports there shall be more investment which can help not only the younger generation but also the boomer generation for getting a better understanding of E-Sports. This will help to get the broadcasting deal from the various broadcaster which will inflow cash into the system, as the tournaments of E-Sports players are only restricted in the online streaming platform or OTT platforms. The more appearance of the E-Sports player will be on the T.V., the more recognition of E-Sports will

get, the more data will available, and the better evaluation will get for the players for the endorsement deals.

The following suggestions which researcher wants to propose in this paper are: -

- A regulated transfer market shall be implemented in the next five-year planning for the E-Sports industry which should have power like FIFA. This will help the esports organization to maintain their squads. A regulated transfer market can reduce labour turnover. The employment agreement for the E-Sports players can be drafted like BCCI does for their men's national cricket team players.
- A separate data of E-Sports shall be maintained by Big 4 Accounting firms as these firms do for the Football. This will further help to negotiate with the E-Sports organization in respect to salary;
- The Statistical Data of sportsperson plays an important role. Through current data analysis, it can bring a better valuation for sportspersons. And further, it'll help them to negotiate their contract with the brands or with the clubs.