

Chiliz - Bringing Power Back To The Fans

Now the fans get to decide their favorite team's destiny. Read on to learn more about how Chiliz uses Fan Tokens to empower an entirely new generation of sports fans.

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Khor Win Win, Market Research Analyst

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With billions of fans worldwide, sports have come a long way in uniting people from different countries and backgrounds. It has become a form of camaraderie when supporters from all walks of life come together just to watch the best teams duke it out and watch the star players steal the show in every match. Now, with the power of [NFTs](#), we have bridged the gap between crypto and sports, ushering in a new era of sports collectibles, games, and most importantly, giving power back to the fans.

NFTs have made it much easier for ordinary sports fans to contribute to their favorite team or players. All it takes is just some cryptocurrency and a few clicks to purchase them. Some of these NFTs also have unlockable perks upon purchase, such as the opportunity to meet your sports hero in person. However, they are not the only driver behind this phenomenon. In addition to NFTs, Fan Tokens have also exploded onto the sports scene, providing users with unprecedented engagement and influence opportunities.

Although fans are a vital part of any sports team, they are rarely involved in making decisions in driving the growth and future development of their teams to greater heights. Chiliz is offering to change that through their Fan Tokens, which gives fans the power to vote in fan-led decisions and access to an exclusive club of like-minded supporters and the benefits that come with it.

In this article, we'll be taking a look at what Chiliz is all about - what you can expect from it, how it works, and most importantly, why it matters.

clubs, the platform carries a diverse and inclusive range of Fan Tokens to cater to the ever-increasing crowd of crypto sports fans.

On 19th July itself, more than \$140 million worth of trades were conducted on the Chiliz exchange. For comparison, that's nearly 18 times the daily volume of OpenSea and about seven times more than the [Axie Infinity Marketplace](#), arguably one of the hottest gaming and NFT platforms in the space at the moment. Below are some of the fan tokens that are currently on offer as well as their market capitalizations, as of the time of writing.

To put things into perspective, these Fan Tokens do not represent the equity or owning part of the team. For example, Barcelona currently sits as one of the most valuable soccer teams in the world, coming in at \$4.76 billion. Yet, the market cap presented here is merely 1% of that amount.

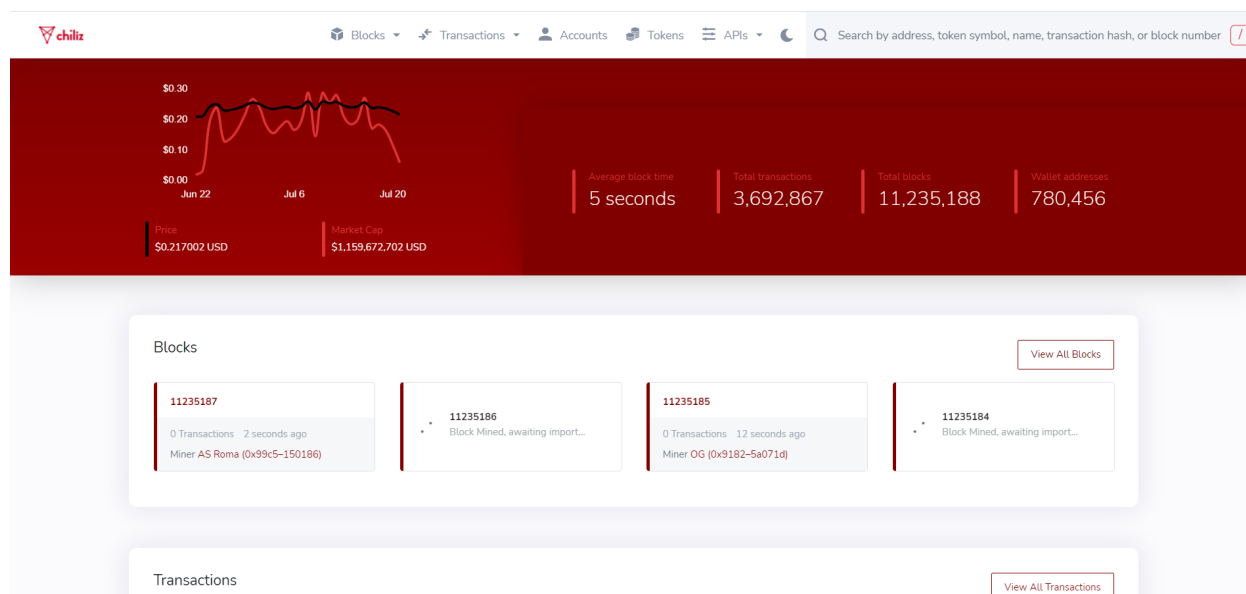
No.	Team	Sport	Market Capitalization
1.	FC Barcelona 	Soccer	\$46.9 million
2.	Galatasaray 	Soccer	\$47.4 million
3.	Paris Saint-Germain 	Soccer	\$37.0 million
4.	Atletico Madrid 	Soccer	\$18.4 million
5.	OG 	Esports	\$5.0 million

**As of 19th July 2021*




Chiliz Blockchain

All Fan Tokens are minted on the Chiliz blockchain, an EVM-compatible blockchain that uses the Proof-of-Authority mechanism for validating transactions. Rather than using a decentralized network, several 'approved' nodes or validators are entrusted with creating new blocks. These nodes or validations are usually public entities to ensure the security of the network.

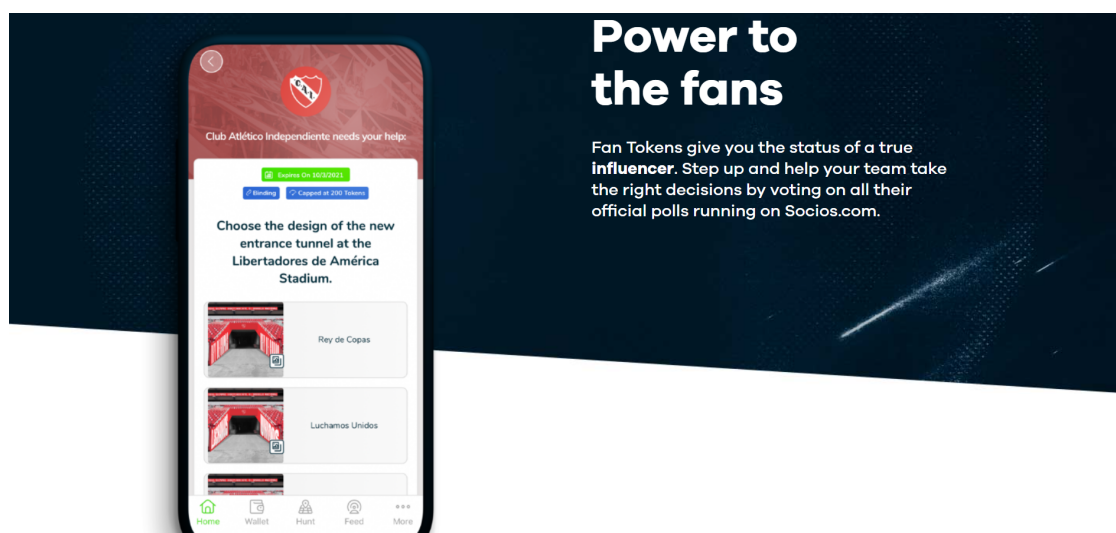
In fact, most of their partners are validators, and Chiliz hopes to onboard more of their sporting teams to run authority nodes as well. Recently, even [Rakuten Europe](#) is looking to become an official node validator. To make it easier for users to access the blockchain, exchanges such as [Huobi](#) and Binance have also integrated deposits and withdrawals to and from the Chiliz network.



Fan Token Offerings

\$AM	\$SAUBER	\$FOR
		
FTO® Start Date: 20/01/21 12:00 CET	FTO® Start Date: 20/01/21 12:00 CET	FTO® Start Date: 05/05/2021 at 13:00 CET
FTO® End Date: 20/05/21 15:00 CET	FTO® End Date: 20/05/21 15:00 CET	FTO® End Date: 05/05/2021 at 15:25 CET
Opening Price: 50 \$CHZ	Opening Price: 50 \$CHZ	Opening Price: €1.5

Besides trading Fan Tokens on the Chiliz Exchange, you can also participate in Fan Token Offerings (FTOs) in the Socios.com app. Through these FTOs, a set amount of fan tokens from a new club joining the platform will be ready for purchase at a fixed price before being officially released to the public. This ensures that every fan will have a chance to purchase these tokens and show their support before becoming available on the marketplace. However, FTOs are conducted for a limited time only, so be ready to have some CHZ on hand!



Socios App

As mentioned previously, these tokens can be used to influence the choices made by the team, such as choosing a message for the captain's armband or even as far as designing a new team bus by participating in votes or team polls! The best part is, you only need one token to receive the right to vote, but having more tokens will give you more power to influence the outcome.

Token holders are also in the running to win once-in-a-lifetime experiences with their favorite clubs. Recently, fans even had the opportunity to meet and greet their favorite players from the Paris Saint Germain soccer club while FC Barcelona Fan Token holders got a chance to play a game at their home stadium, Camp Nou.

Your Fan Tokens are never burned when used for voting and can be used indefinitely. However, you would need to use your Fan Tokens on the Socios app for your votes to truly count. The Socios Voting process is conducted through smart contracts on the Chiliz blockchain, ensuring that the process is transparent and available for all to review.



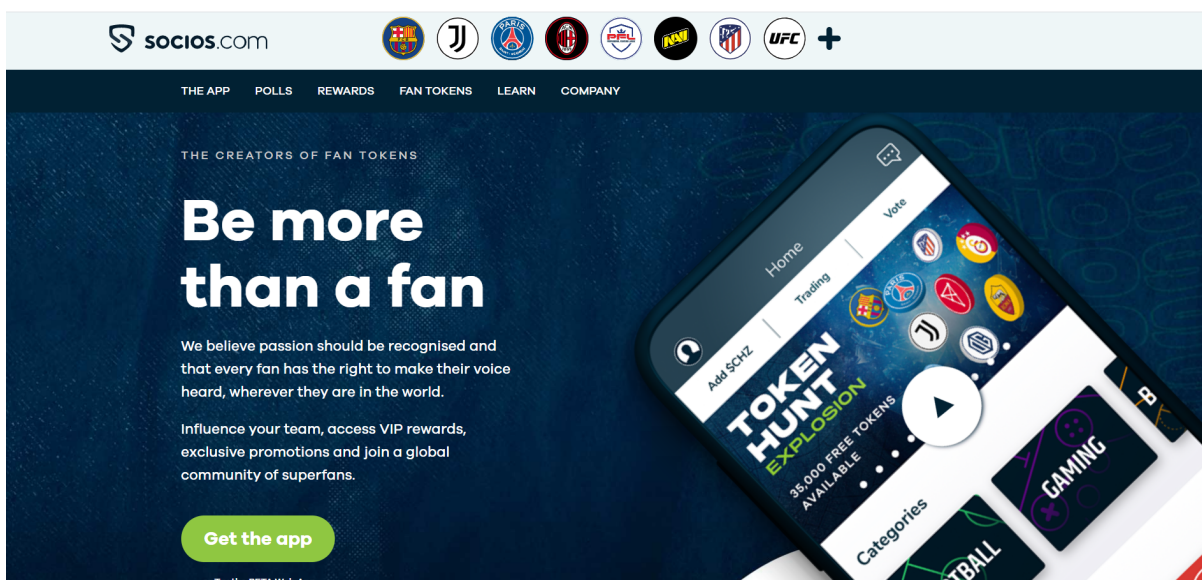
More than just a platform for you to make use of your Fan Tokens, the Socios app provides an all-in-one experience for sports fans. You can place match predictions and compete against others to win great prizes, such as signed jerseys or even VIP matchday experiences. Additionally, in a similar concept to Pokemon Go, you can engage in their daily Token Hunt to earn free Fan Tokens.

Via Token Hunt, fans can 'hunt' for CHZ or Socios United tokens (SSU), which is the platform's very own Fan Token, that can be used to vote for changes and additional features on the app. In rare instances, you can even receive Fan Tokens from different teams.

To look for these tokens, you have to find and unlock treasure chests in different areas around you. You can unlock up to 10 treasure chests each day, which will refresh every 24 hours or so, giving you the chance to grab free tokens every day, which will accrue in your Socios wallet.

Although it is currently under testing, collectible NFTs are on the way and will be released shortly. Alexandre Dreyfus, the CEO of Chiliz, has hinted in the past that fans may be able to stake their Fan Tokens in exchange for receiving NFTs.

However, the Chiliz team first plans to award these NFTs based on match predictions for the Euro 2021 and Copa America tournaments first, where prize winners stand a chance to receive them. These NFTs will be launched first on Ethereum but can be supported on other blockchains in the future, such as Binance Smart Chain or Flow.



Competitors

Although these tokens will drive more inclusivity for fan-driven decisions, they should not be misconstrued as actually owning a portion of the organization or acting as a shareholder. Instead, it should be accepted as another way for sports teams to interact with their fan bases from a different angle and earn additional revenue. With that being said, fan tokens are still a golden opportunity for closing the gap between supporters and athletes in a more convenient manner, and more parties are eager to get in on the action.

Currently, competitors within the space are few and far between. Although they are offering Fan Tokens in a similar manner to Chiliz, none have managed to really capture the selection of teams available on the platform and provide additional features and services on top.

Partnerships

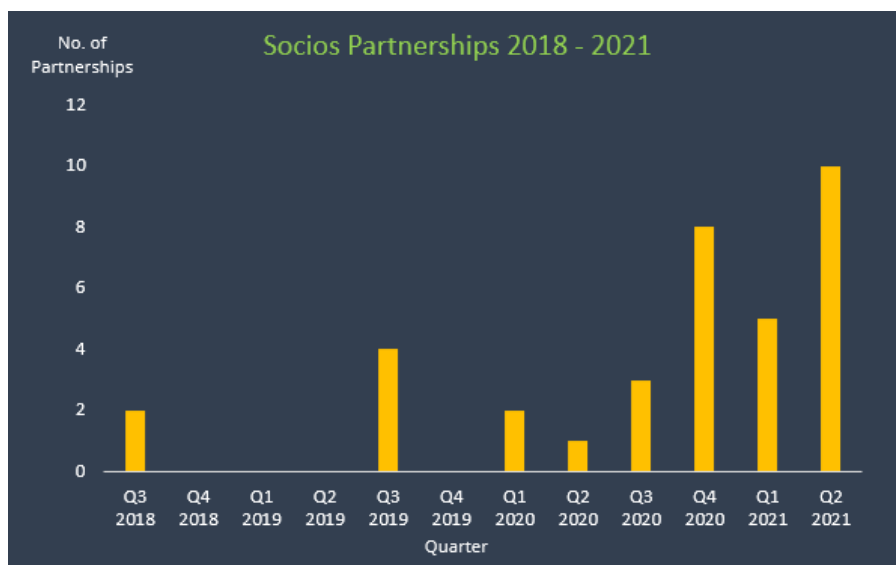
Fans can come from everywhere, and the crypto space is just as passionate about sports as everyone else in the world. By making the applications simple and accessible to virtually anyone, projects can attract a much greater crowd of sports lovers. Giving these experiences also goes a long way too.

However, this doesn't just work with any sports club's fanbase. Chiliz has managed to attract and retain the most passionate fans by **onboarding only the best of the best**. Household names in the footballing world, such as FC Barcelona and [AC Milan](#), are a regular staple on their platform, and they are just beginning to tap into other sports such as mixed martial arts and Formula 1. It is evident that only the most outstanding teams with the most devout supporters play an integral part in helping Chiliz reach a much wider audience. Currently, Socios has launched 30 Fan Tokens across various types of sports. Here is the detailed breakdown:

Category	Number of Fan Tokens
Soccer	20
Racing	3
Mixed Martial Arts	2
Esports	5

Although it may seem as though they are heavily skewed towards soccer at the moment, they are planning to expand its offerings across a multitude of sports. In March, Chiliz announced that they were planning a \$50 million investment to expand in the United States. Their main goal is to launch Fan Tokens across the five major US sports leagues, including Major League Baseball (MLB) and the National Football League (NFL).

As one of the pioneers of the industry, they have also continued to remain relevant and cement their position as the leading fan engagement platform by **constantly bringing new and exciting partners to the table**. From 2018 until now, Socios has onboarded more than 40 partners and is ramping up its partnerships each quarter. As part of their aggressive plans to expand in the States, Socios has also become official team partners for organizations like the NBA's Philadelphia 76ers, integrating advertising and social media presence onto the team's channels.



Valuation

At the end of the day, with so much value being given out to fans for just a single Fan Token, how does Chiliz make money? Well, firstly, their revenue model is fairly simple. Micro-fees are charged on trades conducted on the Chiliz Exchange as well as on the Socios marketplace.

However, it should be noted that transactions such as voting in team polls and making match predictions will always remain free. Besides that, Chiliz only keeps around 50% of the fees from Fan Token pairs, which are all paired to CHZ. At the moment, fees from the exchange are as follows:

Pairs	Buyer	Seller
Fan Token Trading Pairs	0.0%	0.6%

As of the 19th of July, the monthly trading volume for Chiliz Exchange is approximately \$14.3 billion, giving us an expected annualized volume of around \$172 billion. From this amount, 19% of this volume comes purely from Fan Token trading pairs.

Chiliz will collect 0.6% fees from Fan Token sellers, where roughly half of it will be shared with the respective teams. Just from Fan Tokens alone, annualized earnings are **almost \$100 million**.

Pairs	Total Volume	Fee Structure	Fees Collected
Fan Token Trading Pairs	\$32.68B	0.6%*	\$98M

**Roughly 50% of fees are shared with partners*

Based on the total supply of Chiliz tokens, we can derive the 'earnings-per-share', so to speak, where each share, in this case, is 1 CHZ, arriving at \$0.011 of earnings for each token, based on a total token supply of 8,888,888,888 tokens. Using the price of \$0.236 on 19 July, we can see that Chiliz is actually trading at a P/E ratio of around 21.45. For comparison, let's examine how this figure stacks up against publicly traded sports companies such as Madison Square Garden Sports, Manchester United, and Borussia Dortmund.

Company	Ticker	Pre-Covid P/E Ratio (2019)	Current P/E Ratio
Madison Square Garden Sports	MSGGS	65.06	-28.6
Manchester United	MANU	100.4	-100.9
Borussia Dortmund	BORUF	36.84	-6.12
Chiliz	CHZ	21.45	

Data obtained from MarketWatch. <https://www.marketwatch.com/>

Suffice to say, Chiliz has shown that they can play with the big sports boys and hold their own in the process. Note that the other companies are currently showing a negative P/E ratio, a sign that they are losing money.

Due to the ongoing pandemic, traditional sports companies are taking a massive hit since most of their revenue largely comes from ticket and concession sales at live events. Yet even when compared with the companies' pre-Covid figures, Chiliz is leading the pack.

Chiliz's unique revenue model has proven itself as an alternative source of income for these sports teams. In 2020, Chiliz sold [over \\$30 million](#) worth of Fan Tokens, sharing roughly 50% percent of the proceeds with their partners. However, they have managed to **increase their revenue sevenfold**, generating over \$200 million in 2021 so far.

Final Thoughts

Unlike other native crypto projects, Chiliz focuses on building a successful consumer-facing application first before emphasizing decentralization. Ultimately, it is not very useful to have a decentralized network without any users in it. Chiliz aims for progressive decentralization as blockchain technology matures, with the idea of having all the sports teams having a stake in securing the Chiliz network.

Most importantly, Chiliz has **empowered a new generation of supporters** by giving them what they truly deserve. One token is all it takes for any fan to unlock a whole host of benefits and bring fan engagement to another level. Beyond simply gift vouchers and signed merchandise, Chiliz is giving true fans more opportunities to win the experience of a lifetime with their cherished clubs, simply by interacting with them through Socios. And with badges and NFT collectibles on the horizon, the rewards just keep on coming.

The fan tokens can be seen as a new type of digital loyalty program, transforming passive fans into active fans. Community is the future of all business models, and tokenization will be the primary way to leverage that. Now sports teams will have a new avenue to monetize their avid fan base, which is welcoming news during this challenging period.

Through the underlying power of blockchain technology and cryptocurrency, these decentralized applications mark the entry point for sports enthusiasts to learn more about crypto and the benefits that come with it. As more and more partnerships between crypto companies and well-known sports brands are underway to bring more awareness, Chiliz and Socios will still play a direct and pivotal role in improving the sports fan experience.