



WEEK 42

FRIDAY 18 OCT 2013

THIS WEEK

- Columnist: Derek Webb on FOBTs
- French regulator in restructure
- Full Tilt affiliate fears calmed
- Tweets of the week

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TOP STORY

888 REPORT CASINO REVENUE RISE

19% increase boosts B2C turnover as bingo results drop



Online firm 888 have announced a 19% year-on-year increase in casino revenue for Q3 2013, although bingo results are down 21% for the same period. Casino was the company's best performing vertical for the three months ended 30 September, with revenues rising from \$38m to \$45m. The figure was, though, slightly down on this year's results for Q2 (\$47M) and Q1 (\$48m). The number of active casino customers was 172,000, which was a drop from Q1 (236,000) and Q2 (186,000). However quarterly revenue per casino customer was the highest all year at \$264, meaning the firm have fewer active players but are actually taking more money from them.

Bingo revenue for Q3 was down 21% year-on-year to \$10m. In August, 888 CEO Brian Mattingley announced an internal restructure of the firm's bingo business to create one operation which shares all resources, similar to the company's casino and poker structure. He also revealed 888 hope to break even on bingo in 2014.

Revenue from emerging offerings, which includes social and real-money Facebook gaming, was also down year-on-year, dropping 33% to \$5m. Poker revenues were stable at \$22m, while overall B2C

CONTINUED ON NEXT PAGE ►

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revenue showed a 3% rise to \$83m. B2B revenue was down 4% to \$11m. Overall group revenue rose 2% to \$94m, although the figure was down on the results for Q2 (\$97m) and Q1 (\$103m), which themselves represented year-on-year increases.

Mattingly said: "I am pleased to report another strong performance with group revenues up year-on-year primarily driven by casino. We continue to build customer numbers and take market share, reflecting our strong product offer, excellent platforms and marketing systems."

KEY POINTS

- 888 Q3 casino revenue up 19% year-on-year
- Bingo and emerging offerings revenue down 21% and 33% respectively
- Overall group revenue rises 2% to \$94m



an apparent reversal of a previous policy. An email seemingly sent from claims

administrator Garden City Group (GCG), who are overseeing the refunds process, had initially listed 'past or present affiliates' of Full Tilt as one of seven groups set to be excluded. However a message on the GCG website now states that affiliates will be able to submit Petitions for Remission to "recover the portion of their account balances that does not relate to their affiliate status".

It is believed that affiliates were initially excluded from the process because the amount of monies owed outweighs the amount available for repayment, with it being decided that those with links to the old Full Tilt should miss out. Affiliate claimants will have 30 days to submit a petition once they have received an instruction email from GCG.

KEY POINTS

- Affiliates of Full Tilt Poker officially able to claim reimbursement for monies owed

had its sanctions committee and special projects commissions reporting directly to president Jean-François Vilotte, the restructure will see increased responsibilities for the general directorate, led by Frédéric Epaulard and his deputy directors. The responsibilities will include international relations, the regulatory framework and IT systems.

ARJEL have been under scrutiny since François Hollande's Socialist Party defeated Nicolas Sarkozy's UMP in the 2012 election, and have subsequently streamlined their structure to cut costs.

KEY POINTS

- Increased responsibility for ARJEL's general directorate

INDUSTRY EVENTS

KPMG E-GAMING SUMMIT TO REVIEW UK REGULATION

Isle of Man-based conference will cover major industry topics

Professional services firm KPMG have announced the line-up of speakers for their forthcoming eGaming Summit – an invite-only conference that will address a range of topics while maintaining an Isle of Man (IOM) theme. Held at the Island's Mount Murray Hotel on 12 November,

888's Q3 performance in figures:

+19%

Year-on-year increase in casino revenue

-21%

Year-on-year decrease in bingo revenue

+0.4%

Year-on-year increase in poker revenue

ONLINE POKER

FULL TILT AFFILIATES INCLUDED IN REMISSIONS PROCESS

Exclusion fears allayed by claims administrator's statement

Affiliates of Full Tilt Poker will now be able to claim reimbursement for funds owed prior to the site's Black Friday shutdown in

FRANCE

ARJEL ANNOUNCE RESTRUCTURE Regulator cuts costs by streamlining

France's e-gaming regulator *L'autorité de régulation des jeux en ligne* (ARJEL)



have undergone a full-scale restructure as they seek better efficiencies in a rapidly changing online market.

While previously the organisation



The RGA's Sue Rossiter will speak at the KPMG eGaming Summit

Tweets of the week

"Lock Poker still endorsed by a wide array of pros. Will Mizrachi's exit open the floodgates?"

Chris Grove [[@OPReport](#)],
Online Poker Report

"#bwinparty has today announced that Lord Moonie has stepped down from its Board."

[@bwinpartypress](#)

"There are two things I'm 100% uncertain about: 1) What happens after we die, and 2) Is PokerStars going to get licensed in New Jersey?"
QuadJacks general manager
Marco Valerio [[@AgentMarco](#)]

the Summit includes an IOM-sector update, a mobile gaming presentation, a panel on enforcement and a review of the proposed changes in UK online gambling legislation. The latter will be presented by the Remote Gambling Association's Sue Rossiter, alongside KPMG gambling tax policy specialists Bill Robinson and Adam Rivers.

- KPMG eGaming Summit takes place on 12 November at Mount Murray Hotel

NEWS IN BRIEF

ROUNDUP: GOLDEN NUGGET; RANK; SKY The rest of the week's key stories on *GamblingInsider.com* and the web

- **Golden Nugget** have been granted the second online gaming permit in New Jersey.
- Developers **Cubeia** have launched a real-money poker network in India.
- **Rank Group** are to undertake revenue improvement and cost reduction measures following poor performance from their bingo business.
- **Sky Betting & Gaming** have poached Bruce Bale from **Facebook** as head of social.

GUEST COLUMNIST

"BETTING ON THE BOOKIES COULD BE DANGEROUS"



*by Derek Webb
Co-founder and philanthropic funder of the Campaign for Fairer Gambling and Stop the FOBTs*

"The recent announcement by DCMS to maintain the status quo on B2 machine stakes and prizes is a ridiculous decision. It was a prime opportunity for the UK

government to exercise the precautionary principle and reduce the stakes on these addictive machines from £100 to £2, bringing them in line with all other British gaming machines.

There is mounting empirical and anecdotal evidence that FOBTs are driving the proliferation of betting shops, contributing to problem gambling, causing crime and violence in local communities, impacting on the working conditions of betting shop staff and being used for criminal activities such as money laundering.

Our Campaign recently exhibited at the three main party political conferences. Thousands of conversations with attendees highlighted a strong anti-gambling sentiment – the most common negative attitudes were towards television advertising of gambling. There was a strong awareness of the increasing prevalence of betting shops, but not that it is (Fixed Odds Betting Terminal) FOBT driven.

One reason for lack of awareness is that gambling insiders are not speaking up. While it was sensible for all gambling sectors to speak with one voice during the run-up to the 2005 Act, there is no longer any compelling reason for this to continue.

Alastair Campbell has stated that: "Gambling addiction is a ticking time-bomb". Prime minister David Cameron has stated that: "Lobbying is the next big political scandal". The bookmakers' misleading representations regarding FOBTs is the most likely toxic trigger for a 'time-bomb scandal'. All other gambling sectors would suffer collateral damage.

The reliance on B machine research to deliver anything meaningful is starting to look even more questionable. The nine context research papers that were due in June have still not been published. The first disclosure of the data collation is now well overdue. A *Financial Times* article a

few weeks ago quoted the Responsible Gambling Trust (RGT), claiming that there was pending research into remote gambling due to be completed by March 2014. There is no related information on the RGT website.

The new Association of British Bookmakers' (ABB) Code of Responsible Gambling does not recognise that each of the 18-24 age group and poorer persons are at-risk player-centric demographics and does not address how to prevent harm to these vulnerable groups.

DCMS delay, based on pending research, was all too predictable. If this was always the case, then the FOBT consultation should have been scheduled after the research, so that evidence would be up-to-date and could consider positions questioning the research. The ABB has claimed that a separate review of FOBTs had been averted and DCMS is unwilling to disclose the details behind the aversion.

We invite the non-bookmaking gambling sectors to take a long, hard look into their crystal balls. The bookmakers have a great political track record, but the going could get sticky and result in a form upset, so betting on the bookies could be dangerous. Maybe it will soon be time to speak up and differentiate your standards from those of the bookmakers."

Derek Webb was a successful poker player, businessman and the inventor of Three Card Poker, a game played worldwide on casino tables. He is an expert in understanding gambling game content and gambler behaviour

**Want to be a guest columnist in *GI Friday*?
Write to: editor@
gamblinginsider.com**

"Very kindly people 'endorse you' on LinkedIn. Sadly, this is something they ask for on 'your behalf' #AccountDeactivated"
*Bodog Brand global PR manager
Ed Pownall [@EdPownall]*

"Six out of the top-10 largest social casino game companies (as of 3Q13) have ties to the real-money gaming industry."
*Eilers Research managing director
Adam Krejcik [@akrejcik]*

"When @ladbrokes do launch their exchange, probably need a different Twitter handle than @ladbrokesexchange..."
@InnoBystander

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Reporting to the Head of Product Development, this role will have you playing an active role in the launch of new brands within the bingo markets and the direction they will take. You will also be expected to manage the existing products and increase the market share for these. Experience in the bingo markets is essential for this role and would be ideally suited to a performance driven individual with strong analytical skills.

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